EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,795 Thursday March 16 1989 D 8523A

AIDS
Patients ready to gamble on hope
Page 20

World News

Council of Europe finalises TV code

The Council of Europe finalised a convention setting a common legal framework for cross-border television broadcasting, clearing the way for it to be opened for ratification. It would include common rules for advertising and moral and professional standards to be observed by television channels that want the right to international distribution.

Taba handed back
Ten years to the month after the Israeli-Egyptian peace treaty was signed, Israel completed its evacuation from the Sinai peninsula it conquered in the 1967 war when it withdrew from the Taba enclave. Page 4

Botha unmoved
President P. W. Botha underlined South Africa's unresolved leadership crisis by simply ignoring party calls to resign and by presiding over both the pre-budget Cabinet meeting and the presentation in Parliament of an avowedly non-election budget. Page 4

Cologne explosion
A car bomb exploded in Cologne just before a European Cup match between Monaco and Galatasaray of Turkey, destroying three vehicles but causing no injuries.

US gun import ban
The Bush Administration has bowed to public protests over the sharp rise in drug-related shootings in US cities by imposing a ban on the import of semi-automatic assault weapons. Page 6

Library damaged
A British Council library was damaged by a bomb in the northwest Pakistani city of Peshawar in an attack police said could be connected with the Salman Rushdie book, The Satanic Verses.

Iranian bomb claim
A telephone caller saying he belonged to a pro-Iranian group claimed responsibility for the San Diego, California, bombing last week of a van driven by Mrs Sharon Rogers, wife of the captain of the USS Vincennes and threatened further attacks. Mrs Rogers was unhurt.

Irish fraud claim
Allegations of fraud surrounding the activities of Goodman International, Europe's largest meat processors and exporters, have again been made in the Dail, the Irish Parliament. Page 2

New IRA evidence
Britain was told in advance that the three IRA members killed by the SAS in Gibraltar were unarmed and were not carrying explosives when they entered the colony, according to Spanish police. Page 12

A night at the opera
Two top-price seat tickets to see international opera stars such as Placido Domingo and Luciano Pavarotti with the Royal Opera, London, will cost almost £200 ($344) from next season. Page 11

The Financial Times
Due to a computer failure in London some readers of the Financial Times did not receive a copy of the paper yesterday. A few readers will have received a paper with incomplete coverage of the UK budget. We apologise for any inconvenience this may have caused.

Business Summary

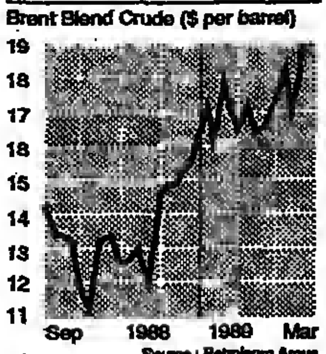
Pilkington in $235m US deal with Nippon Glass

PILKINGTON has sold 20 per cent of Libbey-Owens-Ford (LOF), its US subsidiary, to Nippon Sheet Glass (NSG) for $235m.

The deal will not only help the UK glass manufacturer get more of its windows into Japanese cars, it will also show an immediate profit, for Pilkington spent only $143m when acquiring LOF. Page 21

OIL prices yesterday continued to rise strongly in response to a larger-than-expected drop in reported oil stocks in the US.

Oil price
Brent Blend Crude ($ per barrel)



Source: Petroleum Argus

US. North Sea Brent oil prices rose 47½ cents to $18.50 for April delivery. Commodities, Page 38

THOMSON Newspapers and International Thomson Organisation (ITO) are to merge in a major restructuring of the Thomson family's far flung newspaper and publishing interests. It will create a diversified publishing and travel services group with annual revenues of approximately $5bn. Page 21

US COMMERCE Secretary Robert Mosbacher accused Japan of not living up to the spirit of an agreement with the US to open its market to American semiconductor components.

JAGUAR, UK luxury car maker, has received offers of support from two leading international automotive groups to assist its defence against unwanted takeover bids in the early 1990s. Page 10

US MERCHANDISE trade deficit, on a customs basis, fell to $9.5bn, seasonally adjusted, from a revised $11bn in December. Page 20

LABINAL, French aerospace and car components manufacturer, and Turbomeca, helicopter engine maker, are to merge. Page 21

AL SAUDI BANQUE, French bank rescued from the brink of bankruptcy last summer, announced its recapitalisation and merger with another French bank. Page 21

DAIMLER-BENZ expects the Bonn Government to overturn the likely ban by the cartel office of its plan to buy a strategic stake in the Messerschmitt-Bolkow-Blohm (MBB) aerospace group. Page 2

NZ STEEL, one of the main assets of Equiticorp group, is subject of a bid from Fletcher Challenge in conjunction with other partners. Page 23

STERLING rose further on foreign exchange markets as financial markets digested Tuesday's Budget statement and speculation of an early cut in interest rates faded. UK Budget, Page 12

VOLKSWAGEN of West Germany is stepping up production of components in East Germany, to take advantage of lower production costs there, and may produce whole car engines near the inner-German border. Page 6

NORTH Broken Hill Peko, Australian resources group, and Noranda, Canadian-based partner, abandoned their controversial proposal for a A$1bn ($845m) pulp mill at Wesley Vale in Tasmania. Page 20

Civilian losses heavy in bloody battle for Jalalabad

By Christina Lamb in Jalalabad

AS THE drone of the bombers above Jalalabad died away, 10-year-old Laos pulled away from the mujahideen crouched in a ditch in the recently-captured east of Samarkhel and began to scream.

He was still screaming when three aircraft returned, two flying high to distract the guerrillas with their lethal Stinger missiles while the third suddenly dipped below the missiles' range and dropped its lethal package of five cluster bombs.

For a moment, there was an eerie silence; then the ground seemed to shake and a cacophony of noise began, dogs wailing and mujahideen firing rockets blindly in all directions. A young guerrilla came running: "We've lost two more men and I think some civilians. I don't know whether it's worth it any more."

One of his fellow fighters shakes the screaming child, who lost his entire family in a similar raid, and agrees: "This is not what jihad (holy war) is about. Jalalabad was a nice city. We don't want to control a pile of rubble full of the graves of women and children."

The 11-day-old battle for Afghanistan's third city has become one of the fiercest and [illegible] of the country's 10-year civil war. Both the mujahideen and the Afghan government forces are taking heavy casualties and large numbers of civilians have been killed.

Many have been burnt to death, trapped inside what was once known as "the garden city" and surrounded by still-smouldering tanks. Guerrilla rockets and bombs from the Afghan regime's forces fall indiscriminately, while artillery fire seems relentless between 6am and 2am.

Both sides regard the battle for Jalalabad as the most important psychological and strategic test of the war so far.

Three weeks after the last soldier of the Soviet occupation force left Afghanistan, the guerrillas launched their long-awaited attack on Jalalabad based on plans drawn up by Pakistan's military intelligence
Continued on Page 20

Efta declaration seeks moves towards deeper co-operation with EC

By Robert Taylor in Oslo and David Buchan in Brussels

THE EUROPEAN Free Trade Association yesterday agreed a declaration on the future economic integration of Western Europe that could herald a turning point in Efta's relations with the 12-state European Community.

"We have given a clear and positive political signal to deepen and improve our co-operation with the EC," Mrs Gro Harlem Brundtland, the Norwegian Prime Minister said.

As Efta's current president, she had convened and presided over the two-day Oslo summit of heads of government of the six Efta nations which produced the declaration.

The declaration sets out the objective of creating "a more structured partnership (with the EC) with common decision-making and administrative institutions" to make co-operation between the two blocs more effective.

Efta foreign ministers are due to meet their EC counterparts in Brussels next week to discuss it.

"We mean business," Mrs Brundtland said.

The European Commission welcomed the Oslo declaration. It noted "with interest" that Efta countries had taken up the challenge by Mr Jacques Delors, the European Commission president, to reinforce their multilateral approach to the EC, without excluding approaches to Brussels by individual Efta members.

Mr Delors chose yesterday to cast the debate about future European co-operation still wider by expressing the hope that East Europeans, "if they fulfil the necessary conditions regarding human rights, life and certain rules of society, might one day rejoin us, in one way or another."

He told the European Parliament at Strasbourg that a signal should be sent to the East to show "we are interested not only in Efta, but also in the whole of Europe."

The Efta leaders said yesterday they wanted "the fullest possible realisation of the free movement of goods, services, capital and persons, with the [illegible] aim of creating a dynamic and homogenous European Economic Space."

The goal of such an 18-country free trade zone dates back to 1984.

The Efta leaders talked of exploring "various options, ways and means to strengthen" EC-Efta institutional links.

Mention of a customs union was dropped from the final document, although it stressed that all options were open.

The Efta leaders pledged to strengthen their internal "decision-making process and collective negotiating capacity" in dealing with Brussels.

They also envisaged "common decision-making" and "enforcement procedures and common mechanisms for the settlement of disputes" with the EC.

Brussels has complained of the difficulty of further co-operation with Efta unless the latter speaks with one voice,
Continued on Page 20

Tougher rules for non-EC banks, Page 2

San Paulo and Crediop plan L1,000bn link

By Alan Friedman in Milan

ISTITUTO San Paolo di Torino, the Turin-based bank which is one of Italy's largest and wealthiest financial institutions, is at an advanced stage of negotiations to acquire up to 50 per cent of Crediop, the Rome-based corporate finance and investment banking concern. The deal, which may be finalised in the next few days, could see San Paolo spending about L1,000bn ($730m).

A link between San Paolo, a successful publicly-owned commercial bank, and Crediop, a cash-rich wholesale bank, would represent one of the most significant of a series of planned restructuring projects in Italian finance and would create Italy's biggest banking group.

The Bank of Italy has for several months been pressing various banks, behind the scenes, to arrange takeovers, mergers and joint ventures that would recapitalise weaker institutions and generally strengthen the position of Italian banks as they prepare for competition from other European banks.

Among the projects already agreed or now being discussed are:

- The sale by the IRI state conglomerate of majority control of its Banco di Santo Spirito subsidiary to a Rome savings bank in order to raise funds that could help IRI to recapitalise its undercapitalised Banco di Roma subsidiary.
- The prospect of IMI, a wealthy state-owned medium-term corporate finance and investment banking group, acquiring a key equity stake in Banco di Roma.
- An attempt by Credito Italiano, a commercial bank also controlled by the IRI group, to take effective control of the undercapitalised Banca Nazionale dell'Agricoltura (BNA), the nation's biggest private sector bank.

The San Paolo-Crediop talks, which were confirmed yesterday by Mr Gianni Zandano, chairman of San Paolo, would fit into the general context of restructuring alliances and acquisitions in Italian banking.

The deal being discussed could see San Paolo buying out a 15 per cent stake in Crediop now owned by INA, the state insurance group, a further 15 per cent stake in Crediop owned by INPs, the crippled social security agency, plus an additional 15 to 20 per cent stake owned by Cassa Depositi e Prestiti, the postal savings agency that at present controls 65 per cent of Crediop. The value of a 45 to 50 per cent stake in Crediop is estimated at about L1,000bn.

An indirect, but potentially important result of a San Paolo-Crediop deal would be to supply cash to INA and INPs, which are also both shareholders of BNL, which is itself planning to recapitalise. Mr Nerio Nesi, BNL chairman, said yesterday that "if the San Paolo-Crediop deal is concluded then my bank could benefit from it."

Crediop, which is run by the Cambridge-educated Mr Paolo Baratta, has total outstanding loans of L20,000bn, a staff of 350 people and net equity plus reserves of L2,600bn. The bank made a L207bn net profit last year on activities ranging from medium-term corporate finance to securities underwriting and investment banking. It lacks is a retail distribution network for financial products.

San Paolo has more than 700 branches in Italy.

Chile to plead with US for end to fruit ban

By Barbara Durr in Santiago and Nancy Dunne in Washington

CHILE is to make an urgent plea to Washington that the US lift a ban on vital Chilean fruit exports following the discovery over the weekend of grapes deliberately injected with cyanide.

Mr Hernan Felipe Errazuriz, Foreign Minister, and Mr Jaime de la Sotta, Agriculture Minister, arrived in Washington yesterday and are expected *to stress the severe losses fac*ing Chile if the ban, imposed on Tuesday, continues.

The US is Chile's main market for fruit exports, and this ban, simultaneous with similar moves in Canada, Denmark, Japan and West Germany presents the country with potential losses of $250m.

Losses could go higher if these markets are not quickly reopened to Chilean produce, according to Mr Jose Moreno, president of Chile's leading agricultural producers' association, the National Society of Agriculture.

Fruit accounts for 12 per cent of all Chilean exports and has become the single most important foreign exchange earner after copper. Fruit exports this year were projected at $800m.

The move against Chilean fruit came after the US Food and Drug Administration (FDA) found two cyanide-laced grapes last weekend.

A presumed terrorist had called the US and Japanese embassies on March 2 warning that fruit exports would be poisoned. The calls prompted more intense inspection of Chilean fruit.

A statement issued by the Chilean embassy in Washington said: "The Government of Chile, while it cannot endorse the drastic steps taken by the FDA, understands its concern for the health of US consumers and is confident that with the *co-operation of US authorities* a solution to this problem can be found."

The crisis comes midway through the Chilean fruit season with just less than half already exported.

The current loss estimates cover 17m crates of fruit – shipments in transit as well as those already halted in various countries.

Mr Manuel Feliu, president of the Confederation of Production and Commerce, Chile's most powerful business association, estimated potential *losses at close to $800m* when associated industries such as
Continued on Page 20

Row erupts over Delors report

By Peter Norman, Economics Correspondent, in London

A MAJOR row has broken out among European central bankers over a controversial draft report marking out steps towards economic and monetary union in the European Community.

European central bank officials said that West Germany, Britain and Luxembourg raised major objections to the draft at a meeting on Tuesday in Basle of the 17-strong Delors Committee of central bank governors and outside experts charged with studying concrete steps towards economic and monetary union.

The officials said that the attack was led by Mr Karl-Otto Pöhl, president of the West German Bundesbank. He reportedly objected that the draft envisaged too rapid a movement towards economic and monetary union. He also complained that it envisaged a substantially increased role in European Monetary affairs for the European Currency Unit, which is a weighted basket of EC currencies.

Mr Pöhl's decision to speak out in the committee was significant, the officials said. Until now West Germany had not been in the forefront of objectors developments in the Committee.

As reported on Monday, Britain and Luxembourg had
Continued on Page 20

GEC – Siemens bid for Plessey poses 'threat to competition'

By Philip Stephens, Political Editor, in London

THE UK Ministry of Defence has told the Monopolies and Mergers Commission (MMC) that the revised General Electric Company-Siemens bid for Plessey would still pose a considerable threat to competition in Britain's defence industries.

In a submission to the MMC, the ministry has argued that the bid would be acceptable only if GEC and Siemens, whose £1.7bn ($3bn) joint bid was referred to the commission in January, agreed to sell some of Plessey's key defence divisions.

The Anglo-German consortium considerably revised its proposals in February in the hope of meeting the ministry's objections to the merging of GEC-Marconi's defence electronics business with that of Plessey.

It scrapped its orginal plan for joint ownership of Plessey UK's businesses in favour of a more complex system for breaking up the company. The new plan envisages that GEC would take over Plessey's naval and avionics interests, but that Siemens would get two other divisions – land-based radars and battlefield radios – where competition would be threatened.

The Defence Ministry, however, remains concerned about a number of aspects of the bid, particularly those related to the naval electronics businesses.

Its submission suggests that if the bid is cleared GEC-Siemens should be forced to give a legally binding undertaking to sell off Plessey's sonar equipment business. Plessey has a key role in the supply of submarine sonars and its work includes the sonar suites for the UK's Trident ballistic missile submarines. Removal of the business could make Plessey considerably less attractive for GEC-Siemens.

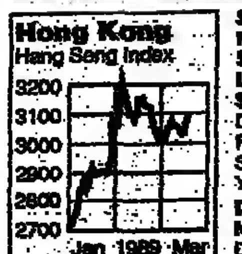
The proposed takeover would give the combined company about 75 per cent of the domestic market in surface and submarine sonars, a figure the ministry regards as unacceptable.

Mr George Younger, Defence Secretary, is also said to be concerned that the proposed merger would preserve Marconi's present monopoly in torpedo manufacturing. The ministry's submission is thought to argue that the capability being developed by Plessey to compete in this area should also be hived off from any merged company.

Plessey said earlier this week that it planned to bid for the contract for the Royal Navy's next generation of heavyweight torpedo, the spearfish. The contract is expected to be worth between £500m and £700m.

MARKETS

Hong Kong
Hang Seng Index



INTEREST RATES
US lunchtime
Federal Funds 9$\frac{13}{16}$% (9¾)
3-mth Treasury Bills: yield: 8.97% (9.01)
Long Bond: 97$\frac{13}{32}$ (97$\frac{7}{32}$)
yield: 9.13% (9.11)
London
3-month interbank: close 12$\frac{13}{32}$% (same)

STERLING
New York close
$1.7210 (1.7285)
London:
$1.7185 (1.7280)
DM3.2175 (3.2100)
FFr10.890 (10.885)
SFr2.7650 (2.7475)
Y224.50 (224.00)

DOLLAR
New York close
DM1.87225 (1.86065)
FFr6.3375 (6.3060)
SFr1.6085 (1.5925)
Y130.70 (129.65)
London:
DM1.8725 (1.8580)
FFr6.3375 (6.3000)
SFr1.6085 (1.5900)
Y130.60 (129.65)

GOLD
New York latest
Comex month
$394.0 (398.1)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,320.54 (+14.29)
S&P Comp
296.67 (+1.53)
London:
FT-SE 100
2,121.2 (-4.2)
World:
142.73 (Tues)
Tokyo
Nikkei Ave
32,100.48 (376.13)
Frankfurt
Commerzbank
1,687.7 (+3.5)

OIL
Brent 15-day (Argus)
$18.5 (+0.475) (April)
West Tex Crude
$19.7 (+0.525) (April)

CONTENTS

Turkish elections raise vote of confidence issue

Prime Minister Turgut Ozal (left) needs a strong mandate in local elections later this month if he is to bid for the presidency. But the opposition seeks to forestall him by turning them into a national vote of confidence. Page 3

Euro-MPs back tougher rules for non-EC banks

By William Dawkins in Brussels

EUROPEAN MPs yesterday voted for the European Commission to toughen up the conditions it is proposing for allowing non-EC banks to set up in the EC after 1992.

While their demands are very unlikely to become law, they provide *ammunition for* those Community governments which want tough restrictions on US and Japanese competition in European financial services.

Member-states are a long way from even beginning to ratify the Commission's draft second banking directive, which would graot a single European banking licence to institutions conforming to minimum financial and professional standards.

Never the less, the outcome could be finely balanced between the free trade hopes of several northern member-states, including Britain, West Germany and Luxembourg, and a possibly more protectionist gronping among southern European Community partners.

Yesterday's parliamentary vote places *the Strasbourg* assembly and the Commission on opposite sides over this important part of the Community's design for a free single market in *financial* services.

Sir Leon Brittan, the Commissioner handling financial services, is planning to change the plan to give more flexibility than currently proposed for coosideriog applications for EC status from non-European banks.

The present version of the plan, which was tabled early last year, obliges the Commission to check all applications from non-EC banks to ensure European institutions get equal access in those countries, a test which Sir Leon would like to make non-antomatic.

The parliament is asking for an amendment to force all *branches of non-EC banks to* apply for Community licences. This contrasts with the Commission's proposal that this requirement should only apply to subsidiaries, which would then be free to open branches across the EC.

The move won the support yesterday of 292 Euro-MPs in the 518-seat assembly, with five against and three abstentions.

As expected, the parliament gave initial clearance yesterday to seven other internal market measures for financial services and the corporate sector generally.

They include outline plans for a European company statute, designed to simplify cross-border mergers and a proposal to allow single-person businesses to acquire limited liability.

Also included in yesterday's *package are common rules for* bank's own funds – which were given final clearance to go forward for Ministerial adoption – and for solvency ratios, to ensure the financial soundness of banks applying for the proposed European licence.

Other measures to get initial Parliamentary assent were Community-wide rules for the presentation of insurance companies' annual accounts and the winding-np of insurance companies, and a common method for calculating the cost of consumer credit.

Italian dockers try to halt the tide of change

THE SMACK of firm government is sufficiently rare in Italy for it to echo like a thunderclap around the land *and place the practioner firmly* in the eye of a storm, writes John Wyles in Rome.

So it is that Mr Giovanni Prandini, Italy's 48-year-old Minister of Merchant Marine, has become a hate figure for some of the nation's dockers because of his plans to sweep away many of their time-hallowed privileges in the name of an efficient transport policy.

Genoa and Livorno have emerged as the twin centres of resistance and neither port has enjoyed much in the way of normal working since January. Genoa's 2,100 dockers are currently on a seven-day strike called in protest at Mr Prandini's decision to authorise a shipping company and the *port-authority to set up their* own cargo handling activities.

But this is only one of several blows being aimed at a gronp of workers who appear to have forfeited both public support and the backing of their unions. Mr Prandini was continuing his search yesterday for an accord with the unions on his overall ports strategy so as to completely *isolate the militants at Genoa* and Livorno.

The law has also rolled into action. Forty Genoa dockers are facing charges for picket-line violence while, *in an* unprecedented move, Mr Prandini has put a special commissioner in charge of the dockers' company at Livorno while its financial administration is under investigation.

Each large Italian port has such a company which, deriving in many cases from the Middle Ages, owes its current elite status to Fascist legislation of 1942. Although this conferred sole responsibility for cargo handling on the companies, the principle has been steadily diluted in many ports.

Genoa and Livorno remain key exceptions to the extent that their companies are seen as protective societies dedicated to maximising income *and industrial power for the* minimum of labour effort.

The result is that Italian port costs are among the highest in Europe and traffic is moving elsewhere - Genoa handled 2.6m tonnes and 45,000 fewer containers *last year* than in 1987.

The rancorous dispute now unleashed is replete with symbolic *echoes of recent* and less recent history. Anti-docker feeling exploded in Genoa last Thursday when 10,000 people – port users, lorry drivers and others *dependent on* it for their livelihoods – marched through the streets of the city demanding an end to the industrial action.

But *their* protest, reminiscent of the march of 40,000 through Turin which ended a 10-week Fiat strike in 1980, has failed to cow dockers' leaders. They are meeting their counterparts from Livorno today to plan a march on Rome, complete with cranes and other dockside machinery.

It will be remembered that a rotund Fascist rose to power in 1922 after leading a march on the nation's capital.

Daimler chief expects Bonn to clear any ban on MBB takeover

By Paul Betts in Paris

DAIMLER-BENZ expects the Bonn Government to overturn the likely ban by the West German Cartel Office of its plan to buy a strategic stake in the Messerschmitt-Bolkow-Blohm (MBB) aerospace group.

Mr Edzard Reuter, Daimler's chairman, *said* yesterday in Paris he believed special approval would be given by next autumn for his group to acquire an initital 30 per cent *stake rising* later to more than 50 per cent.

Reuter: special approval

He indicated strongly yesterday *that Daimler-Benz* expected the Cartel Office to block the takeover. The Office has already told the car group there are grounds for disapproval, although the European Commission has said it has no objections on cartel grounds.

Mr Reuter, who admitted that the deal would give Daimler-Benz a *big* share of the domestic aerospace and defence market, said ha thought the Cartel Office would object on purely West German *legal* grounds. *Under* the law, it was compelled to consider the acqnisition in terms of the domestic market and not on a wider European scale.

He added, however: "We are convinced the Bonn Government will be ready to approve this deal because one of the reasons is our readiness to participate in a restructuring of the European aerospace industry."

Even were the Government to block the deal, Mr Reuter said this would *not* change his group's commitment to aerospace. MBB had not in itself been the reason for deciding to enter the field to set up "a competitive European aerospace industry on a private basis". But if MBB remained an independent company, it would continue to be "a waste of public money".

Mr Reuter also called for strong private management of the European Airbus programme. Airbus, be said, had reached a stage of maturity which now required "private sector management and efficiency *in* order to exist in international competition."

In remarks likely to irritate French car producers, Mr Reuter also urged the European Community to adopt a liberal foreign trade policy on the car sector. This was "an indispensable factor in strengthening the European vehicle industry" to face the new competitive pressures of the market," he said. "We therefore advocate that *Japanese* imports *from* plants in the US or certain European countries be freely offered throughout the EC."

I G Metall's leader wields strike threat

By David Goodhart in Bonn

THE LEADER of the 1.5m-strong West German metalworkers union, I G Metall, has warned his members that they may have to prepare for strike action next year when the current three-year agreement on working time and pay expires.

Mr Franz Steinkühler is opening his campaign early for those negotiations which will set important bench-marks for much of West German industry.

Next month the metalworkers will start working a 37-hour week which *has come down* in two stages from 38.5 hours in 1987, but the union will again be aiming for 35 hours in 1990.

Although there is no obvious militancy among the metalworkers at present there is some disquiet about higher than expected inflation eroding most of the three-stage pay rise negotiated in 1987.

That deal gave a 3.7 per cent *rise in 1987, 2 per cent last* year and 2.5 per cent this year. It was based on an expectation that the inflation rate would *not rise above 2 per cent*, but this year it is likely to top 3 per cent.

That means another longer-term deal is almost *certainly ruled out* in 1990 but how strongly the union will pursue reduced hours and higher pay will not become clear before its congress in November.

Mr Steinkühler warned yesterday that the employers had little political room for manoeuvre.

But the profitability of West German companies is very healthy and one Ruhr-based employer said that for that reason it would be difficult to resist a further one hour cut in working hours and a 3-4 per cent pay rise.

The employer did not, however, exclude the psslbility *of some* conflict on the way to an agreement.

I G Metall will also continue to resist weekend working as part of shorter working week *packages in spite of the* fact that a growing number of plant-level representatives are accepting Saturday work.

W German spending package held up

By David Marsh in Bonn

A DISPUTE in the West German *coalition* over *family* support schemes held np a package of government spending measures due to have been announced in Bonn yesterday.

The fresh *skirmish* between the dominant conservative parties and the liberal Free Democratic Party (FDP) underlines the *serious* tensions emerging in the Government following a succession of regional election upsets *for the* governing Bonn coalition.

The Government cancelled a planned *late* afternoon press conference after the parliamentary grouping of the conservative Christian Democrat (CDU) and Christian Social (CSU) parties turned down a package of extra government spending worked out at a late night ministerial meeting on Tuesday.

Failure of the parliamentary cancus to approve the measures comes as another blow to the credibility of Chancellor Helmut Kohl's centre-right coalition.

Mr Kohl is weathering a series of mid-term difficulties over policies ranging from *defence* and *foreign policy* to immigration, tax and housing.

The Chancellor is drawing comfort from the continuing buoyancy of the economy. But the renewed upset is *bound to* increase doubts about whether Mr Kohl has sufficient grip over his party machine as the CDU and CSU square up to a *tough run of local elections* over the next 18 months leading up to the general election in December 1990.

Yesterday's disagreement centred on the conservatives' opposition to a plan to delay an increase in child benefits until the next legislature period beginning in 1991.

The FDP meanwhile managed to push through tax concessions for home helps which would take effect during the present legislature period. This was interpreted by conservative deputies at a meeting yesterday afternoon as an over generous hand-out for the FDP's traditional clientele of middle class professionals.

The dispute over a relatively small detail in the spending package shows how Mr Kohl's Government has become increasingly bogged down in petty bickering.

The package, planned to add around DM2bn ($1.07bn) to government spending up to 1992, was designed to improve Bonn's social policies.

More fraud claims over Irish meat company

By Kieran Cooke in Dublin

ALLEGATIONS of frand surrounding the activities of Goodman International, Europe's largest meat processors and exporters, have again been made in the Dail, the Irish Parliament.

Mr Barry Desmond, deputy leader of the Irish opposition Labour Party, told the Dail *that a company directly associated* with the Goodman Group had been fined more than I£1m (£840,000) by the Irish Department of Agriculture earlier this year *for activities* which included certain "misdeclarations" made on export refund papers.

Mr Desmond said the *Department of Agriculture had* sent documents concerning the suspected fraud to the Irish police and had advised the European Commission in Brussels about the matter.

The Goodman Group is a privately held company controlled by Mr Larry Goodman and has an annual turnover estimated at I£760m. Mr Desmond said he stood by earlier allegations he made in the Dail that the Goodman Group was under "major investigation" by the Irish Fraud Squad and that the Irish Government was withholding I£20m in refund payments to the Goodman Group.

Mr Charles Haughey, the Prime Minister, accused Mr Desmond of trying to sabotage the entire Irish beef industry. Amid considerable shouting in the Dail, Mr Desmond called on him to withdraw his remarks.

"You are protecting a friend. I will *not be intimidated by* Larry Goodman or his like," said Mr Desmond. The Department of Agriculture in Dublin was due to issue a statement *concerning* Mr Desmond's allegations last night.

Goodman International rejected Mr Desmond's allegations as "ill-informed, slipshod and false" and has challenged Mr Desmond and another Dail member to repeat their allegations outside Parliament "where we would have some recourse to justice."

Mr Larry Goodman, interviewed on Irish national radio, said his company had been an advocate of stamping out abuses in the meat industry and accused left wing elements of stirring up trouble. "They are anti-private industry, anti success, anti effort, and bloody well everything," said Mr Goodman.

Move to restrict ownership of Italian banks wins backing

By Alan Friedman in Milan

A DRAFT law which would prevent industrial concerns owning more than 20 per cent *of banks was approved yesterday* by the Italian Senate's industry committee. The provision, which is contained in Italy's first-ever attempt at establishing anti-trust legislation, also states that any industrial group wishing to own more than 10 per cent of a bank must seek approval from the Bank of Italy.

Senator Roberto Cassola, the committee chairman, said the full Senate was likely to approve the bill today. Approval by the lower house could take several months.

The legislation, while creating an authority to monitor excessive industrial concentration, does not address the issue of monopoly problems arising from excessive market shares in specific sectors. The provision limiting the equity stakes which may be held by industry in banks was presented as a government amendment to the anti-trust law.

The issue of whether industry may control banks has been hotly debated in Italy in recent months, with leading industrialists such as Mr Cesare Romiti, Fiat's managing director, arguing in favour. When the idea of anti-trust legislation was first mooted in Italy in 1987 Mr Romiti reacted by speaking angrily of "anti-capitalist vomit."

Mr Carlo Azeglio Ciampi, Governor of the Bank of Italy, has been an outspoken opponent of the idea of industry owning banks, warning that there would be a serious danger *of conflicts of interest*.

John Wyles adds: Mr Giuliano Amato, Italy's Treasury Minister, yesterday revealed a new and slightly lower than expected estimate for the Government's 1989 budget deficit.

He told a parliamentary committee that present trends point to a shortfall of L134,500bn (£57bn), L17,150bn more than the target. The forecast would have been around L5,000bn higher but for new revenue measures recently enacted by government decree.

He said tax revenues were now expected to be L297,000bn against earlier estimate of L286,000bn. Total revenues would reach L405,000bn, about L5,000bn more than forecast.

The cabinet is due to adopt a new package of spending cuts by next Tuesday which may aim for savings of around L10,000bn-L12,000bn, to be followed by further measures.

Ankara accuses Tehran

By Jim Bodgener in Ankara

ANKARA has complained to Tehran over what it sees as interference in Turkey's internal affairs following Islamic fundamentalist demonstrations.

The protests were made on Monday night when Iran's ambassador to Turkey, Mr Manoser Mottaki, was summoned to the Turkish Foreign Ministry in Ankara.

The Iranian media had also broadcast inflammatory street interviews following solidarity demonstrations in Tehran, a Turkish Foreign Ministry spokesman added yesterday. Turkish security sources have said there was evidence of outside complicity in countrywide protests at the weekend in Turkey against the annulment of a "turban" decree by the Turkish Constitutional Court last week.

The "turban" decree would have permitted the wearing of the chador, or Islamic headscarf, in Turkish higher education institutions. It was pushed through parliament by the ruling Motherland Party.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1989.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd. Ostergade 44, DK-1100 Copenhagen-K, DENMARK. Telephone (01) 13 44 41; Fax (01) 935335.

Swiss appoint prosecutor in Kopp affair

By William Dullforce in Geneva

THE SWISS Parliament yesterday appointed a special prosecutor, Mr Joseph-Daniel Piller, to direct an investigation into charges that Mrs Elisabeth Kopp, the former Justice Minister, may have violated official secrecy rules and obstructed the course of justice in connection with a film drugs money-laundering scandal.

Kopp: may face trial

If Mr Piller decides to press charges, the case against Mrs Kopp will be heard by the Federal Tribunal, the country's supreme court. Switzerland's first woman cabinet minister would then become the first ever to face trial.

The penalty for breaching secrecy is a prison sentence of up to three years or a fine of up to SFr40,000 (£14,600).

Mr Piller's appointment became possible after both chambers of Parliament had lifted Mrs Kopp's immunity to prosecution. Mrs Kopp herself asked for it to be lifted when she was forced to resign in January.

On the basis of a dossier submitted by an examining magistrate Mr Piller, currently prosecutor in the canton of Fribourg, will have to make up his mind on two questions:

● Did Mrs Kopp breach secrecy, when she warned her husband, Hans, by telephone that Shakarchi Trading, a company of which he was vice-president, was suspected of being involved in money laundering?

● In warning her husband was it Mrs Kopp's intention to allow him time to destroy documents or other evidence?

Repercussions from the arrest last July in the canton of Ticino of two Lebanese brothers, Jean and Barkev Magharian, under suspicion of having laundered money from drugs trafficking through Switzerland, have been falling fast and thick recently.

Last week a US federal court in Los Angeles charged the brothers with conspiring to launder drug money and to transport money illegally out of the US. A New York court indicted them on charges of conspiring to possess and distribute cocaine. The US embassy in Berne said a request could be made for the extradition of the Magharians.

Earlier last week the Swiss Government suspended Mr Rudolf Gerber, the federal public prosecutor, and opened a disciplinary inquiry into his behaviour.

He had been blamed in a report by a Government-appointed judge for not acting on a proposal to investigate five companies suspected of laundering drugs money and for not acting quickly enough after being informed that Mrs Kopp had warned her husband.

In a separate development, the administrative committee of the lower chamber of Parliament this week admonished Mr Peter Arbenz, the Federal Commissioner for Refugees, for legal errors in expelling two political refugees from Switzerland.

However, the committee found no grounds for starting a disciplinary inquiry into the actions of Mr Arbenz, who was appointed by Mrs Kopp, when she was Justice Minister.

Insults fly as Ozal prepares to defend his majority

Jim Bodgener reports on opposition moves to turn Turkey's local elections into a vote of confidence

ACRIMONIOUS campaigning for local elections in Turkey on March 26 has hotted up amongst the 1.5m candidates vying for 1,966 seats countrywide, with overall victory still predicted for the ruling Motherland Party (Anap) – but by a questionable margin.

Prime Minister Mr Turgut Ozal needs a sufficiently strong mandate measured against Anap's 36 per cent vote in the general elections of autumn 1987 if he is to bid for the presidency when President Kenan Evren steps down in November.

Mr Ozal flew off yesterday to watch a quarter final football match in the European Champions Cup between Turkish champions Galatasaray and Monaco in Cologne – a popular quip was that, given Anap's present standing in opinion polls, Mr Ozal's presidential chances depended as much on the result of the football game as on the outcome of the local elections.

High inflation of 70 to 80 per cent has steadily eroded Anap's electoral base amongst its "central pillar" of a centre-right, lower middle-income silent majority which Mr Ozal fondly claims to have tapped for the first time in Turkish politics.

The opposition is seeking to forestall Mr Ozal by turning the local elections into a national vote of confidence. But despite the negative polls, the election will probably bear out the good track record overall of its mayors. They have been helped by a government committed to infrastructure spending spurred by election economics in 1986 and 1987.

Wheeling and dealing within Anap are now preoccupying Mr Ozal more than the economy – which returned a record current account surplus of $1,500m for the year.

There have been grass-roots complaints about high-handed selection of candidates overriding local caucus choices. Resentment still smoulders against Mr Ozal's withdrawal onto a circle of close advisers and family in a reign apparently growing ever more dynastic and Ottoman in appearance. Mr Ozal has even flirted with Islamic fundamentalism to appease the strong conservative Islamic faction within Anap.

But the main opposition Social Democratic Populist Party (SHP) itself hardly presents a coherent front, undermined on the left by former premier Bulent Ecevit and his Democratic Left Party, much to Anap's satisfaction. Under the leadership of Professor Erdal Inonu and his pragmatic secretary general, Mr Deniz Baykal, the SHP probably would not want to see a resounding defeat which could herald a general election now. The SHP would prefer to bide its time, relying on Anap's electoral wastage to win control in the early 1990s over an economy and society gathering impetus towards entry into the European Community.

Mr Baykal would clearly like to see an SHP modelled on the western social democrat pattern, but the party is divided over how to deal with repressed Kurdish ethnicity in the east.

At stake could be Anap's grip on the big cities, which the SHP has targeted. The redoubtable Mr Bedrettin Dalan can be expected to hold his mayoral fiefdom of Istanbul. If victory in the city is matched by an Anap debacle elsewhere, Mr Dalan may be tempted to tilt for the national arena by detaching liberals from his and other parties to form a new grouping.

Most precarious is the outlook for the capital's Mr Mehmet Altinsoy, whose spending on pink pavements and a grossly incongruous tower and revolving restaurant in Ankara's exclusive Cankaya district has raised many eyebrows.

Against him, the SHP has arraigned Mr Murat Karayalcin, an urbane and highly-popular city planner, whose Batikent housing scheme to the north-west of the city has won prestigious international awards.

Much-needed infrastructure like water supply and sewerage has been installed by Mr Altinsoy's administration, but he sadly lacks Mr Karayalcin's charisma. In Izmir the present Anap incumbent, Mr Burhan Ozfatura, is also saddled with infrastructural mistakes.

The SHP candidate, Mr Yuksel Cakmur, claims billions of lira have been poured into a scheme to clean up the heavily polluted Bay of Izmir without any noticeable improvement.

For former premier Mr Suleyman Demirel, leader of the True Path Party, the local elections could turn out to be a struggle for survival. His personal appeal within the party has been flagging recently, there have been serious challenges to his leadership, and younger TPP members may start baying for new blood.

However, Mr Demirel, the grand old man of Turkish politics, has a shrewd empathy with the earthy mentality and humour of the small townsmen and peasantry of Central Anatolia – and more than half of Turkey's 55m population still live on the land.

Minister's resignation fails to mollify Greek opposition parties

GREEK OPPOSITION parties yesterday continued to call for the wholesale resignation of the Socialist Government and an immediate general election, unmollified by the resignation on Tuesday night of Mr Agamemnon Koutsogiorgas, Minister to the Prime Minister, writes Andriana Ierodiaconou.

Mr Koutsogiorgas, an abrasive populist in style and right-hand man to the Prime Minister, Mr Andreas Papandreou, is one of the members of the Government who was the subject of the most serious allegations in the Koskotas banking scandal.

At the same time, both the Communist and Conservative opposition yesterday condemned strongly a draft electoral law designed for use in next June's general election. They claimed that the law, unveiled by the Government, was specially rigged to favour the runner-up party. The Socialists are generally expected to run second to the Conservatives next June.

Mr Koutsogiorgas is understood to have been involved closely in the drafting of the electoral system. As Justice Minister last summer he also masterminded legislation which, according to later claims by the Bank of Greece, seriously hampered attempts to investigate the private bank owned by former tycoon Mr George Koskotas.

The central bank had to bypass the legislation in order to turn up information leading to the filing of fraud charges against Mr Koskotas.

Opposition parties yesterday took their battle to the streets, for the first time since the Koskotas scandal broke last October. Mass rallies were staged by the Communists in 32 towns around Greece, including Athens and Salonika. The Conservatives of the New Democracy party will demonstrate next Sunday.

Wider economic power for Soviet republics

By Quentin Peel in Moscow

SWEEPING PLANS to give the individual Soviet republics more power over their local economies, in line with growing nationalist demands for greater autonomy, have been published in Moscow. They include more power to levy local taxes, vary local prices, and control agriculture, consumer industries, housing, health and education services.

However, the plans fall well short of the calls for devolution from the most assertive non-Russian republics, such as Estonia, Latvia and Lithuania.

They would still leave virtually all heavy industry in central hands, including engineering, chemical industries, fuel and energy, and mining. At the same time, Moscow will keep control of banking and finance, currency circulation, foreign trade, and setting broad guidelines for prices.

A full text of proposed draft legislation on expanding the budget powers, "self-government and self-financing" of the 15 republics, was published in the national press, for a proposed public debate.

The main innovations would be in putting agriculture, consumer industries, environmental protection, housing and social services under republican government control. Many of those are the economy's biggest problem areas.

At the same time, the plan may set the scene for confrontation between Moscow and the republics on the highly-sensitive environmental issues, by granting responsibility for environmental protection to the republics, while leaving the most serious polluting industries under the control of national ministries.

Republican plans for their own economic autonomy, such as in Estonia, have called for far greater budget autonomy. The government there wants the power to decide its entire taxation system, simply agreeing to pay a fixed percentage to Moscow each year. It also proposes to bring all industrial enterprises under local control leaving only defence and foreign affairs to Moscow.

The Moscow plan does entail some drastic pruning of the central bureaucracy, including the outright abolition of a string of ministries, such as Gosagroprom, the agriculture super-ministry, and those responsible for water supply, forestry, bread products, internal trade and construction: all those responsibilities would pass to the republics.

Mr Mikhail Gorbachev formally proposed the dissolution of Gosagroprom in a speech to the Communist party's central committee yesterday.

However, as far as taxation is concerned, it would simply allocate republics a proportion of the two principal tax sources: from enterprise profits, and sales taxes. The republics would in turn be allowed to tap only modest additional sources, including issuing shares, raising loans and organising lotteries, and imposing penalties for pollution.

According to initial calculations included in the draft legislation, the proposals would give the republics responsibility for 36 per cent of all industrial production, instead of only 5 per cent at the moment.

The proportion is much higher in the small republics where there are fewer large mining, energy and other heavy industrial concerns. In the Baltic republics, for example, the local government would control between 57 and 72 per cent of all industrial activity, instead of 7-9 per cent.

Belgians give thumbs-down to regional devolution

By David Buchan in Brussels

BELGIANS HAVE been led by their politicians into a regional devolution of their state which few of them want, according to a survey.

Commissioned by an admittedly pro-federalist pressure group going under the unabashed title of "Belgian and Proud of It", the poll confirms much anecdotal evidence that the average Belgian is less exercised about linguistic differences than his political representative.

Less than one in four says the devolution issue determined his or her vote in the last elections, according to the survey of 1,806 Belgians this year. Citizens of bilingual Brussels are evidently less keen on regionalisation than inhabitants of both Flanders and French-speaking Wallonia.

This year's constitutional reform transfers some 30 per cent of the state budget to the country's three regions, and even gives regional executives powers to conclude some forms of international agreement.

This has caused controversy between national and regional ministers. But a majority of respondents to yesterday's poll said they wanted scientific research, international treaties and foreign trade accords to stay in central government hands.

Botha ignores party calls to resign

By Anthony Robinson in Cape Town

PRESIDENT P W Botha yesterday underlined South Africa's unresolved leadership crisis by simply ignoring party calls to resign and by presiding over both the pre-budget cabinet meeting and the presentation in parliament of an avowedly non-election budget.

In a breathtaking display of business as usual Mr Botha signalled his return to active politics by turning up early for the cabinet meeting in the expensively restored and enlarged Tuynhuis presidential complex next to parliament.

He was ready for work despite having spent the previous evening playing the gracious host at a reception in his official home of Westbrooke.

It was by all accounts an excruciating evening for some of the guests. Planned well before his stroke two months ago the reception was in celebration of his 46th wedding anniversary.

Many of his party and cabinet colleagues were present, including Mr F W de Klerk, his challenger.

Best known for his volcanic temper and withering stare Mr Botha and his devoted wife Elize were graciousness personified at the dinner.

"I think he wanted to shame us and make us feel guilty for our disloyalty," one guest commented yesterday on condition of total anonymity.

According to a reliable source some ministers entered the cabinet room with shaky knees fearing that the President would work around the table asking each one to explain his behaviour over the past tension filled weeks.

Instead he got straight down to business - the finer details of the budget speech to be read in the afternoon by Mr Barend du Plessis, the Finance Minister.

After lunch Mr Botha was among the first to enter the new enlarged chamber especially built for those gala occasions when members of all three of the racially segregated houses of parliament sit together.

He wandered quietly in and sat down in his usual seat ambiazoned with the presidential seal a couple of steps lower than the speaker's dais.

One by one as members trooped in they paid obeisance and Mr Botha dutifully rose to shake every hand.

The main exception was Mr de Klerk who scurried in, briefcase under arm, only seconds before the entry of the speaker and mace and slipped into his seat next to Mr Botha with only the curtest of nods.

He then sat looking bored throughout the speech while Mr Botha, in an impeccable dark three piece suit, carefully followed every line of the budget speech by his erstwhile protege Mr du Plessis.

The President looked for all the world like a man who has heard and digested the immortal words of veteran Italian politician Giulio Andreotti "Il potere logora chi non c'e l'ha" which roughly translated means power exhausts he who does not hold it.

Botha: flying in the face of his party's disapproval

Pretoria adopts neutral budget with defence outlays up 22%

SOUTH AFRICAN taxpayers face higher sales and excise taxes and no relief from fiscal drag after a neutral budget designed to keep overall spending in check despite higher defence spending and a sharp rise in the cost of servicing the government debt, Anthony Robinson reports from Cape Town.

Introducing what he called a budget combining economic responsibility with political integrity Mr Barend du Plessis, the Finance Minister, budgeted for a 15 per cent rise in spending over last year's upwardly revised estimates to R65bn (£14.9bn) and a 16 per cent rise in revenue to R55bn.

A R1bn contingency fund for unexpected payments is built into this year's expenditure figure, while the deficit before borrowing is planned to decline to 4.1 per cent of GDP from the revised 4.4 per cent last fiscal year.

With inflation expected to rise to 15 per cent this year the intention is to freeze both revenue and spending in real terms after a rise nearly 30 per cent above budget on both sides last year.

Mr du Plessis said income tax payers would get only minimum relief from fiscal drag through a small increase in tax-free allowances, while sales tax will rise from 12 to 13 per cent and higher excise duties will raise the cost of tobacco, beer and spirits. It was, he emphasised, not an election budget.

Mr du Plessis introduced minor changes in mining taxation which will cost the exchequer R31m in lost revenue from gold mines and R22m from other mines.

The maximum theoretical marginal rate on gold mines will fall to 68.72 per cent from 70.5 per cent while the 15 per cent surcharge on non-gold mines has been reduced to 12 per cent.

Spending on education, the largest single item of budget expenditure, is set to rise 19 per cent to R11.8bn, but the biggest rise is in the budgets of the protective services of defence, police, justice and prisons.

Taken together spending on security will rise 22.2 per cent to R14.9bn, of which R2.49bn will be spent by the police, a rise of 30 per cent, and R9.94bn by the defence force.

The latter represents a 21.5 per cent rise over last year's budgeted R8.19bn which was itself 22 per cent higher than the 1987 allocation.

In the short run independence for Namibia and peace in Angola has clearly not lead to a drop in military spending. Only financial aid to Namibia shows a 62 per cent drop to R120m from R350m last year.

Higher interest charges meanwhile are the main factor behind a 24 per cent rise in debt service charges to R9.97bn.

The basically neutral tone of the budget and its stated intention to keep spending and revenue on a plateau in real terms represents in effect a tightening of overall fiscal policy.

As such it complements last month's rise in interest rates. The overall aim is to cool the economy and reduce GDP growth to 2 per cent from 3.2 per cent last year in order to ensure a R4bn surplus on the current account of the balance of payments and keep inflation to a 15 per cent limit.

MPs barred after Gandhi murder report uproar

By David Housego in New Delhi

MORE THAN half the Indian parliamentary Opposition was yesterday suspended from the Lok Sabha until the end of the week in an unprecedented move that followed a second day of uproar in the House.

Clapping their hands, thumping the table and singing in chorus, the Opposition stalled all business in the Parliament, demanding that the government publish the report of the Thakkar Commission into the assassination of Mrs Gandhi, the former Prime Minister in 1984.

Details of the report, which alleges that Mr R.K. Dhawan, a senior adviser to Prime Minister Mr Rajiv Gandhi, could have been involved in Mrs Gandhi's death, were published in the Indian Express yesterday.

Mr R. K. Dhawan, formerly a special assistant and close confidant of Mrs Gandhi, was with her at the time of her murder.

The government said yesterday that a special investigation ordered in the wake of the Thakkar report had cleared Mr Dhawan of any complicity in the murder.

The statement was not enough to silence Opposition members who are barred under Parliamentary rules from discussing the issue until the report has been tabled in the House.

Justice Thakkar's report had remained a secret until the press leaks on Monday. The government yesterday refused to budge from its position that Parliament had voted to keep the report confidential and that it would not release it.

As the clamour reached a crescendo, the Speaker said that the Opposition's behaviour had brought shame on the Assembly.

Sixty-three members were suspended for "misbehaviour" under a motion brought in by the government, including Mr V.P. Singh, the leader of the Opposition. Other Opposition members walked out in protest.

Most observers took the Opposition's campaign to reflect the closeness of the election, and their eagerness to seize on any issue that could undermine Mr Gandhi or one his close advisers.

Mr Dhawan was recently brought back to a senior post in the Prime Minister's office to help boost the Congress party in advance of the elections.

His return has been resented by some ministers close to Mr Gandhi who feel superseded and there was some speculation yesterday that one of them could have been behind the press leak.

Israel and US break little fresh ground

By Peter Riddell, US Editor in Washington

THE US and Israel remained some way apart publicly in their views on the scope and nature of new Middle East initiatives following the extensive talks in Washington this week by Mr Moshe Arens, the Israeli foreign minister.

President George Bush has said he expects "new ideas" from Mr Yitzhak Shamir, the Israeli Prime Minister, when he visits Washington next month. Mr Bush said he hoped when Mr Shamir came to the US "We can move forward in some way toward the peace that everyone here aspires for."

Mr Arens, however, played down US calls for a commitment to talks leading to longer-term solutions which would meet Israel's security needs and Palestinian demands for self-determination. He said the only useful strategy was one that focussed solely on interim arrangements.

He firmly ruled out negotiations with the Palestine Liberation Organisation and argued that the gap between Isreal and the Paestinians was too large to be hridged at the moment.

However, in Coogressional testimony, Mr James Baker, the US Secretary of State, said that if "meaningful" direct negotiations with noo-PLO Palestinians were not possible, "we would then have to see negotiations between Israel and the representatives of the PLO."

There has been no specific pressure from the US on Israel to talk with the PLO.

During his visit Mr Arens was left in no doubt by members both of the Administration and of Congress that, while the US remains totally committed to Israel, there is growing public and political impatience over the Israeli handling of the Palestinian uprising.

Arafat truce proposal revives PLO split

By Lamis Andoni in Amman

STRAINS have re-emerged within the Palestine Liberation Organisation over proposals by Mr Yassir Arafat, the PLO chairman, for a conditional halt to commando attacks against the Israeli army in south Lebanon.

Mr Arafat has recently indicated readiness to authorise a qualified truce in south Lebanon, on condition that the Israelis cease using live ammunition against Palestinians in the occupied West Bank and Gaza Strip, stop deporting Palestinians, and halt air raids on refugee camps in south Lebanon. But his plan has been rejected by two major Palestinian factions based in Damascus, who have pledged to continue operations against Israeli "military institutions".

The debate exposes frustrations within the PLO at the lack of progress towards reviving the Middle East peace process since the organisation launched its political initiative last November. Mr Arafat's proposal followed a spate of attempts to infiltrate Israeli borders by Damascus-based Palestinian factions in south Lebanon. The US has suggested that these attacks may jeopardise its recently-opened dialogue with the PLO.

Officials from the left-wing Democratic Front for the Liberation of Palestine and Popular Front for the Liberation of Palestine, contacted by telephone in Damascus, said that they opposed the principle of a truce in south Lebanon outside the framework of a comprehensive peaceful settlement of the Palestinian problem.

"We are aware that Israel would never accept Arafat's conditions but we feel that such proposals would start a compromise on the principle of armed struggle itself," a DFLP official said. They said that the factions remain committed to a PLO pledge, made last November, not to attack civilian Israeli targets inside or outside Israel.

The debate over a truce in south Lebanon has highlighted a series of recent mutual recriminations between the two factions and Mr Arafat's mainstream Fatah faction. Over the last two months Dr George Habash of the PFLP and Mr Nayef Hawatmeh of the DFLP have accused Mr Arafat of not abiding by resolutions endorsed last November by a meeting of the Palestine National Council, the Palestinians' top decision-making body.

They have been particularly provoked by repeated statements by Mr Arafat that he would be ready to visit Jerusalem provided Arab states agreed. In a statement issued in Beirut, the PFLP, which voted against the Palestinian peace strategy at the PNC, accused Mr Arafat of "demonstrating capitulationist tendencies by implying that he would pursue the same path as the late Egyptian President Anwar Sadat."

Mr Arafat's senior aides have leapt to his defence in recent days. "Arafat did not mean that he was ready to go to Jerusalem while it was under Israeli occupation. This is why he has always said that such a step hinges on Arab consensus, for the Arabs would never accept something like that," Sheikh Abdul Hamid Sayegh, speaker of the PNC, said in Amman yesterday. The strongest public rebuttal has come from Mr Mahmoud Abbas, a PLO committee member, who has published open letters in the Arabic press criticising Mr Hawatmeh and Dr Habash for sowing discord

British protests over bar on QC anger Singapore

By Robin Pauley, Asia Editor

SINGAPORE has reacted angrily to protests by the British Government against the decision to bar Mr Anthony Lester, the eminent British QC, from appearing in court in Singapore.

Mr Shanmugam Jayakumar, Home Affairs and Law Minister, said in parliament yesterday that the decision to bar Mr Lester for "mounting pressure" on the Singapore government to release political detainees had nothing to do with the British government.

He said he was surprised at a British protest against the Singapore decision not to grant e professional visit pass to Mr Lester, who represents Ms Teo Soh Lung, a political datainee, who is making a habeas corpus appeal against the Singapore Government.

Mr Jayakumar said Mr Lester had abused the privilege granted to him as a Queen's Counsel. He had "threatened and intimidated" the Singapore government and campaigned for his client beyond the confines of the court.

A British statement regretting Singapore's action said: "His exclusion from the courts in Singapore is bound to cause widespread dismay going beyond the United Kingdom." Some Singaporean MPs, worried about pressure on the country's legal system, suggested in Parliament that it was necessary to have such a permanent court of appeal in Singapore to enhance Singapore's role as a regional financial centre. Mr Jayakumar agreed it was a good idea.

In January Singapore's parliament amended the constitution to bar Singapore courts and Britain's Privy Council from questioning the government in cases of detention without trial. The amendment allows courts to review detention cases only on technical grounds.

Singapore court reserves judgment on AWSJ appeal

By Robin Pauley

A SINGAPORE court yesterday reserved judgment on an appeal by the Asian Wall Street Journal which asked the court to quash a government order restricting its sales for allegedly "engaging in domestic politics."

Mr Louis Blom-Cooper, the British QC and new head of the British Press Council, is representing the newspaper and said that Mr Yeo Ning Hong, the Information and Communications Minister, had exceeded his power when he slashed the Journal's circulation to 400 from 5,000 in 1987.

The Government pronounced that the newspaper was interfering in local politics after it refused to publish a government rebuttal to an article on Singapore's securities market.

"Reporting on, and commenting on, cannot be equated with engaging in domestic politics. It is the function of newspapers to be critical of governments and portray them in a negative light," said Mr Blom-Cooper.

Mr Tan Boon Teik, the Attorney-General, appearing for Mr Yeo, argued that the phrase "engaging in domestic politics" could be defined only by the minister on a case-by-case basis and not by the court. He said the court had no power to quash the order unless it was shown that Mr Yeo had abused his authority.

The Singapore Government has adopted an increasingly harsh attitude to foreign publications and a number have rebased their journalists elsewhere in Asia. Two other Hong Kong-based publications, the Far Eastern Economic Review and Asiaweek, have also had their circulations restricted.

The restriction on Asiaweek, which was restricted to 500 copies in October 1987 was eased to 5,000 last October. But that is still well below the circulation of 9,000 which the magazine had achieved in Singapore before the restrictions were imposed.

Israel completes Sinai pullout

By Eric Silver in Jerusalem

TEN YEARS to the month after the Israeli-Egyptian peace treaty was signed, Israel yesterday completed its evacuation from the Sinai peninsular it conquered in the 1967 war.

Border police and Foreign Ministry officials withdrew at noon from the 800 square metre Taba enclave on the Red Sea coast with good grace but no ceremony. The blue and white Star of David flag had been lowered the previous night. Workers from the neighbouring town of Eilat, whose jobs are endangered by the withdrawal, marched out defiantly singing: "The people of Israel will live."

A huge red, white and black Egyptian banner was raised after the transfer, and hundreds of Egyptian labourers broke into their national anthem and cried: "Allah is great."

Both Israel and Egypt had claimed ownership of the enclave, where Israeli investors built a luxury resort hotel and a holiday village after the evacuation of Sinai had begun.

An international arbitration panel backed the Egyptian case at the end of last year. Egypt agreed to pay $38.2m for the hotel, which will continue to be maneged by its Israeli founder on behalf of the American Sonesta chain. The border will remain open with e minimum of formalities.

Mr Yitzhak Lior, deputy director-general of the Israeli Foreign Ministry, said before leaving Taba: "We went to court, and this was the decision. At the bottom line, we arrived at a mutual compromise without scars."

Mr Alon Liel, the Foreign Ministry spokesman, confessed to mixed feelings. "From the one hand we see the sadness of the hotel workers, the people of Eilat who love this place. But from another hand we have a lot of hope. We believe that if we remove this obstacle, we might have better relations with Egypt, and this is a very important thing for us."

The Egyptian consul in Eilat, Mr Ahmedal Maseri, added: "I hope this will be a bridge to peace, peace between the two peoples. A new era is going to be started."

Senior officials in Cairo and Jerusalem took a more sombre view. Mr Butros Ghali, the Egyptian Minister of State for Foreign Affairs, welcomed the withdrawal as a victory for the rule of international law but warned there could be no comprehensive peace without Palestinian self-determination.

Hours before Israel withdrew two Palestinian gunmen attacked an Israeli army base on the Egyptian border at Rafah.

Likud achieves fresh poll gains

By Eric Silver in Jerusalem

THE right-wing Likud has consolidated its conquest of Israeli local government. After rerun polls in 27 towns on Tuesday, Likud now controls 44 to Labour's 32.

The first round on February 28 marked a breakthrough for Prime Minister Yitzhak Shamir's party, which won only 26 councils to Labour's 54 in the last elections five years ago.

Likud hailed their triumph as an endorsement of the Prime-Minister'shard-line foreign policy, though barely 50 per cent of the Jewish voters went to the polls and the contests were fought on local issues and personalities.

The municipal elections will reinforce the Prime Minister's confidence in resisting US and European pressure to talk to the Palestine Liberation Organisation.

S Korean workers win backing from professors

By Maggie Ford in Seoul

SOUTH Korean workers, struggling to set up legal trade unions in the face of strong resistance from big business, yesterday made an important breakthrough by winning the support of the country's academic establishment.

Nearly 500 influential professors from 41 universities issued a statement strongly criticising the Hyundai business group, whose shipyard workers have been on strike for three months.

The academics, whose views cannot be ignored by the Government, supported the workers' right to negotiate with management and condemned violence used at Hyundai to suppress the trade union. They urged Hyundai to begin negotiations at once and apologise for its past activities.

The Hyundai shipyard strike attracted public criticism after a gang of men attacked union leaders, injuring 20 people. A number of union leaders have been arrested and the company has refused to negotiate with its staff.

The professors demanded that Hyundai cease using violence and start negotiating with employees, apologise for its behaviour and compensate the victims.

They also urged the Government to revise the labour laws and to release all jailed workers.

Siege mentality prevails among India's Moslems

David Housego reports on rising religious tensions in the furore created by Salman Rushdie's book

THESE are hard times for Indian Moslems. A sense of solidarity over Salman Rushdie's book, *"The Satanic Verses"*, has strengthened their feeling of being a beleaguered minority – albeit 100m strong – struggling to assert their religious and cultural identity in a country reluctant to accord it.

Most are angry at what they regard as Rushdie's insult to the Prophet, support the banning of the book by the Indian Government and would probably like foreign governments to do the same.

A large number – including most evidently the Shi'ite community – sympathise with Ayatollah Khomeini's call for Rushdie's death. At Aligarh Moslem university – the major Moslem teaching institution in India – students have scrawled on the walls such slogans as "We are willing to kill Rushdie" and "Big pig Rushdie."

While this eiege mentality predominates, it is easier for extremists within the Moslem community to voice their opinions while liberals hesitate for fear of being accused of betrayal.

By contrast, both liberal and fundamentalist Hindus were against the banning of the book and outraged that the Indian Government has not condemned Khomeini's action.

What government officials justify as a cautious stance intended to defuse communal tensions and safeguard India's relations with the Moslem world, many Hindus see as a further example of pandering to reactionary Moslem sentiments. The controversy comes at a time when tensions between the two communities – Moslems represent about 11 per cent of India's 800m population – are again on the increase.

They were at their worst doring partition when hundreds of thousands were killed in the riots that preceded the break-up of the subcontinent and the creation of Pakistan. But communal tensions subsided during the 1960s and early 1970s when the two countries twice went to war and Indian Moslems demonstrated their loyalty to India. Apart from the Rushdie issue, there have been a host of other controversies of late – Hindu claims to recover temples that lie under mosques, bitterly-disputed legislation reinforcing Moslems' rights to their own divorce practices – that have again ignited tempers. In the background has been the continuing drumbeat of communal riots – Delhi, Meerut, Muzaffarnagar and, most recently, Bombay and Kashmir over Rushdie's book.

It must be touch and go whether the dynamics of the Rushdie affair will trigger off further rioting. Behind this deterioration in communal relations lie many factors including greater competition for jobs with unemployment rising, Moslems' generally lower levels of education, the growth of fundamentalism within both communities and with it the growth of an intolerance that has strained India's secular philosophy.

But an important factor also is that Indian Moslems have not resolved their basic dilemma of how far they want to be absorbed within the Indian community, competing for education and jobs, and how far they they want to assert their own religious and cultural identity – with the risk that this could confine them to the ghetto.

Grievances have smouldered over the years. Only 270,000 Moslems get a college or university education compared with 3.6m Hindus according to unofficial estimates – a proportion well below their population ratio. One reason is that the Moslem-educated élite left India for Pakistan after independence and that the poor remained.

But Moslems also claim it is indicative of the Government's priorities – there are more police stations than schools in the crowded Moslem districts in city centres.

Moslems also believe that that recruitment to government service is biased against them. Syed Hasham Ali, vice-chancellor of Aligarh University, recounts that when he first arrived there students were so demoralised by the lack of prospects of getting into the IAS (the Indian Administrative Service, the top echelon of the civil service) that they did not bother to take the entrance exam.

Notwithstanding this sense of injustice, Moslems have also become more assertive over the years. They have shared in the resurgence of Moslem self confidence since the growth of Middle East oil wealth. By migrating to the Middle East for work, they have shared in that wealth – as the host of new mosques along the Kerala coastline and in Maharashtra testifies.

Hindu irritation with the Moslem community takes two forms. Extremist organisations still treat Moslems as a type of "fifth column, " resent the Moslem community as an impediment to making a India a fully Hindu state and stir up fears that a higher Moslem birth rate could one day make Hindus a minority in their own land. Bal Thackeray, the head of the extremist Bombay-based Shiv Sena, does not bother to conceal his hate. "The Moslems have a slogan amongst themselves: we smiled and we got Pakistan, but now we will fight and get India," he says. "We should not be prepared to accept Nehru's blunder of secularism just to appease Moslems.

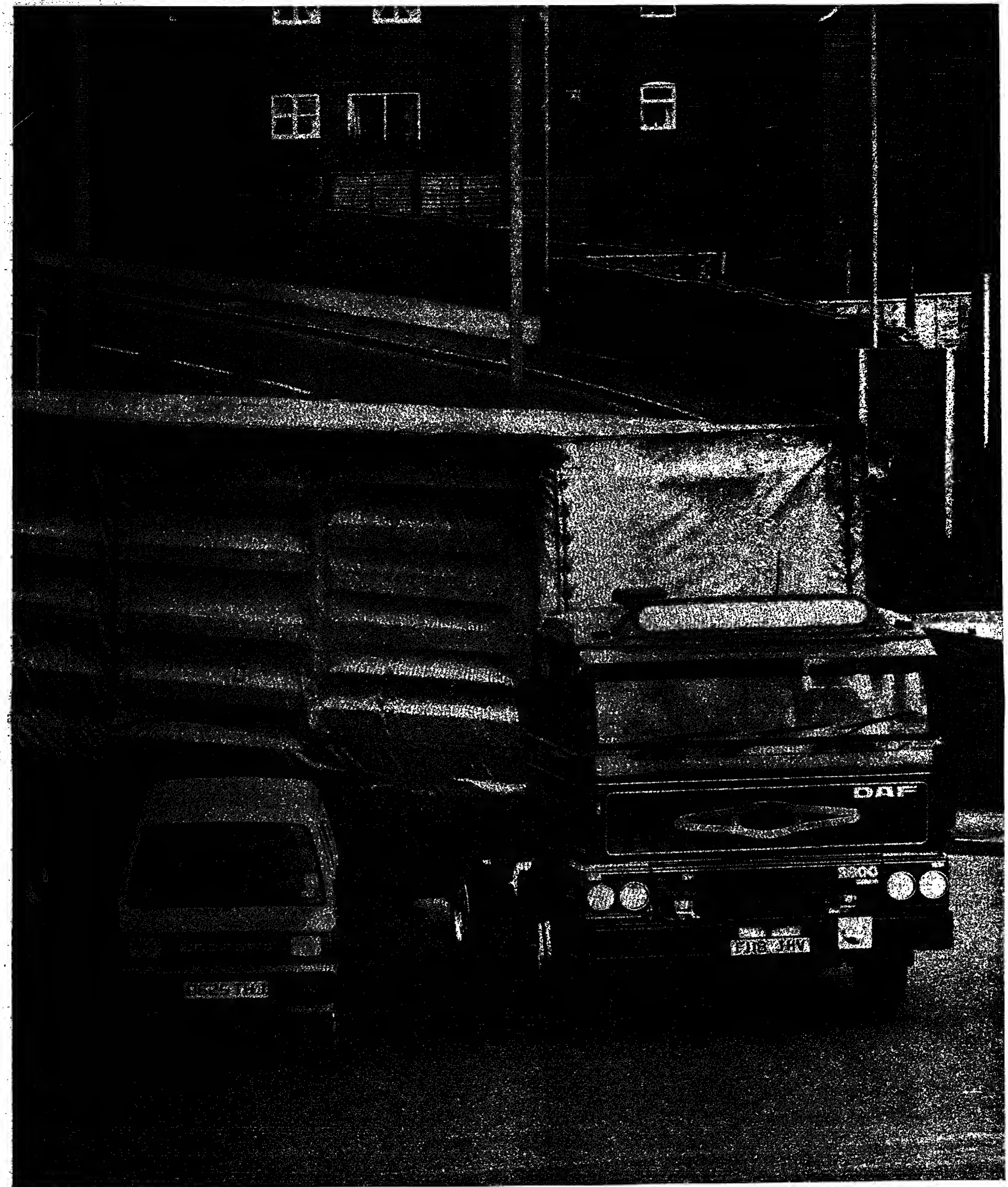
A second type of irritation is felt by what sociologists in Delhi call "modern Hindus" – those who wear their religion lightly but who see that education and the acceptance of change is the key to a stronger India.

For these "new nationalists," the Moslem community's adherence to its own personal law – marriage and divorce customs, the wearing of purdah for women and resistance to family planning – puts an unacceptable brake on India's overall development.

Mr Adil, president of the Shia College in Lucknow, argues that most Hindus know they cannot afford to allow communal relations to degenerate into permanent confrontation. He says the Moslem community is too large for Hindus to take such a risk: that Moslem wealth in India is growing and that India cannot afford to alienate the Moslem countries that flank it to the west and east. On the other hand, relations are unlikely to improve until Moslems feel they have the same opportunities as Hindus and can hold the same responsibilities.

Police beat a Moslem in protests over The Satanic Verses

Syed Hashem Ali believes the clue to this is that Moslems must become better educated. "You have to get yourself equipped with the right weapons to fight somebody more powerfully equipped than you," he says. He also thinks that Hindus, as the majority community, must learn to be more generous to their minorities.


DAF

AMERICAN NEWS

Mexico talks stress Japan's role on debt

By Peter Riddell, US Editor in Washington

MR Pedro Aspe, the Mexican Finance Minister, is making an unexpected visit to Tokyo to discuss his country's debt problems after two days of talks with the US Treasury in Washington.

This detour, on his way to the annual meeting of the Inter-American Development Bank in Amsterdam, underlines the expanded role which Japan now has in providing additional finance for heavily indebted countries such as Mexico, both via the multilateral institutions and directly through the Export-Import Bank of Japan.

Mexico is understood to be seeking a package that includes both a reduction in the burden of its $107bn foreign debt and commitments of fresh money over the next six years totalling some $42bn. However, there was no comment yesterday on the substance of Mr Aspe's Washington visit. But US officials have publicly stressed the importance they attach to early agreement with Mexico.

President Bush has also acted to remove any lingering uncertainty about his attitude to the proposals outlined last Friday by Mr Nicholas Brady, his Treasury Secretary.

Initially the White House gave only qualified support but late on Tuesday, after a 90-minute meeting between Mr Bush and his senior national security advisers to consider the plan, Mr Marlin Fitzwater, his press spokesman, said: "The President fully supports the concepts and processes for debt reduction and economic growth outlined in Brady's speech."

Mr James Baker, the Secretary of State and author of the 1985 plan to increase lending to the most indebted countries, has publicly welcomed the new approach which instead places most emphasis on debt reduction. Some officials, as well as the Federal Reserve, retain doubts about whether Mr Brady's plan will work.

Mr David Mulford, the Treasury Under-Secretary for international affairs who is primarily responsible for the new debt strategy, will give a full explanation later today when he testifies before Congress. He will then leave for the IADB meeting where he will hold talks aimed at working towards debt agreements implementing the new approach. The IADB deals with lending to Latin American countries.

IADB seeking a new role after the lost years

The deadlock that has hampered the bank may end soon, reports Stephen Fidler

FOR the last three years of what its president has called Latin America's lost decade, the Inter-American Development Bank has itself been unable to find its way. A dispute over US demands for shareholders to have a right of veto over loans has held up a planned increase in capital and contributed to despondency about the role of the institution.

While the outflows of resources from highly-indebted countries have been running at close to $30bn a year, the bank's lending slumped in 1988 to half of its 1984 peak of $3.5bn. Founded in 1958 to channel development funds to Latin America, it was receiving more in interest and principal payments from the region than it was making in loans.

The bank commissioned a high-level external review group, which announced its findings in December. The IADB had "lost its space", it declared, adding that "precisely at a time when its assistance was most required, the bank has simply not adjusted to the region's needs."

Yet, as finance officials and bankers gather for the annual meeting of the 44-nation IADB in Amsterdam, there is an air of optimism abroad for the first time in years. Hopes are high that at this meeting, a formula will be announced under which the US will drop its objections to the capital increase.

The breaking of the deadlock between the US and the main Latin American shareholders has been a prime objective of the man who took over as president of the bank last year, Mr Enrique Iglesias, a former finance minister of Uruguay. As a prelude to that, he has embarked on an external restructuring of the bank and a reassessment of its external direction.

The essence of the dispute was the dissatisfaction of the Reagan administration with the bank's operations and lending policies. Unless they were overhauled, the US would not ask Congress for the funds for the capital replenishment.

Iglesias: embarked on process of internal reform

The dispute boiled down to whether the lending nations, including the US with 34.5 per cent of the votes, should have the right of veto power over loan decisions. A compromise which now seems close would give delaying power but not an absolute veto.

That compromise was brought closer by a meeting on Monday in Washington between Mr David Mulford, responsible for international affairs at the US Treasury, and representatives of Brazil, Venezuela, Mexico and Argentina, which between them account of 36.9 per cent of the bank's shares.

An agreement would clear the way for an increase of $20bn-$25bn in callable capital over the years 1990 to 1993 which would allow the bank to treble its lending from its 1988 level within two to three years, Mr Iglesias said in an interview in Washington last month.

It should also allow the bank, traditionally a project lender, to make policy-related loans focusing on specific sectors of the economy.

The bank's current callable capital stands at $34bn, of which $2.6bn is paid in. Traditionally, it borrows only against the callable capital subscribed by countries with a prime triple-A credit rating.

Mr Iglesias said that he had already embarked on an internal reform of the bank. It is shedding a net 10-15 per cent of its staff of 1,900 by mid-year, even after some extra staff have been taken on to reinforce its policy-lending capability.

Even if the deal with the US is secured, Mr Iglesias will have to work hard to overcome the image of the bank as a resting home for long-serving Latin American finance officials and to give it into the 1990s a central, rather than its current peripheral role, in ameliorating Latin America's debt problems.

If the debt plan outlined last week by Mr Nicholas Brady, US Treasury Secetary, was evidence of a less ideological and more practical approach to the potential security problems posed by instability in Latin America, the IADB could be another beneficiary of that.

Bush bows to pressure on gun imports

By Peter Riddell

THE Bush administration has bowed to public protests over the sharp rise in drug-related shootings in Washington and other US cities by imposing a ban on the import of semi-automatic assault weapons.

This represents a change of view by President Bush, a life member of the National Rifle Association. The move is in response to calls from Mr William Bennett, director of the Office of National Drug Control Policy, more commonly known as the drug "czar", from several police chiefs and from Mrs Barbara Bush, the President's wife.

The ban, decided over the past few days, will affect the import of 110,000 AK 47s, Uzis and similar assault weapons for which applications are pending. However, such imports account for less than a third of the semi-automatic market in the US and there are no federal proposals to ban domestic production.

The growing level of public concern over the issue has been reflected in the narrow vote by the California Assembly to ban the sale of semi-automatic rifles from January 1 and to require their registration by owners.

Congressional supporters of tighter gun control welcomed the move as a first step but said it would do little to deal with the problem of drug-related violence.

Argentine currency dives further against dollar

By Gary Mead in Buenos Aires

ARGENTINA'S economic crisis worsened yesterday as the demand for the US dollar jumped by 10 per cent in one day on the black market.

The austral dropped fractionally at the end of last week to below 40 to the dollar but heavy trading yesterday saw it top 43 australs.

The continuing heavy demand for dollars reflects consumer fears that inflation is again out of the Government's control and that March will see a rate of 15 per cent or more. Consumers use the dollar as a prime and liquid hedge against inflation. Electrical goods, such as imported Japanese TV sets, have already increased by 30 per cent during the first week of March. Other goods – including domestically produced ones – are certain to follow suit.

Impending big price increases have been implicitly recognised by leading private sector employers and government officials, as shown by current wage settlements. Mr Torcuato Sozio, Under-Secretary in the Ministry of Labour, said this week that it was government policy to ensure wage levels kept pace with inflation.

Public sector pay awards this week include 40 per cent to gas workers (averting a 24-hour stoppage yesterday) 33 per cent for health workers, and almost 30 per cent for railway employees, all covering the first quarter of 1989. With less than two months before a presidential election, it appears that the Radical Party government has accepted that President Raúl Alfonsín's promise to keep inflation below 10 per cent is a dead letter.

MP for Reform Party

By David Owen in Toronto

THE recently-formed Reform Party of Canada is to send its first MP to Ottawa after a by-election upset in the rural Alberta constituency of Beaver River.

Ms Deborah Grey, 37, a teacher, won for the right-of-centre party by a comfortable margin of more than 4,000 votes. She was placed fourth behind the Conservative victor, Mr John Dahmer, in November's general election.

The Reform Party was founded 16 months ago to promote the interests of Canada's western provinces. The by-election was prompted by Mr Dahmer's death.

Brazilian unions hail stoppage

By Ivo Dawnay in Rio de Janeiro

BRAZIL'S 48-hour general strike was winding down last night amid fiercely contested claims and counter-claims over the impact of the protest against the government's pay freeze.

While ministers and employers' leaders argued that the strike had only been partial, trades unionists were hailing it as an unprecedented success.

Mr Jair Meneguelli, the president of the radical union federation Central Unica dos Trabalhadores (CUT), described the outcome as "a calm show of force," which had seen stoppages by 70 per cent of unionised labour in Sao Paulo, the country's industrial heartland.

However, Mr Oscar Dias Correa, the Justice Minister, dismissed backing for the strike as weak, with less impact than expected across the country as a whole.

Independent commentators were divided over the outcome though most agreed that the nationwide stoppage had had significantly greater support than two earlier 24-hour strike calls, largely because of strong backing from public transport workers.

The Jornal do Brasil, the respected Rio de Janeiro newspaper, described the strike as a success in the majority of states with 13 state capitals fully backing the protest, six giving partial support and only three largely unaffected.

The industrial action has, in part, acted as an interesting gauge of the industrial strength of Brazil's two left-wing parties, the Workers' Party (PT) and the Democratic Workers' (PDT), both of whom backed the protest.

Eastern running 10% of flights as bankruptcy filings mount

By Anatole Kaletsky in New York

EASTERN Airlines, the strike-bound US air carrier which filed for Chapter 11 bankruptcy protection last Thursday, has been managing to operate only about 10 per cent of its 1,040 flights scheduled daily, according to aviation analysts.

This is despite intensified moves by the management to attract customers with very steep price cuts and find pilots willing to cross the picket lines set up by its 8,000-strong machinists' union.

Eastern won a minor legal victory on Tuesday when a Federal court extended its ban on secondary action by railway workers in support of the machinists. But this was small comfort to the company's management, which faced several new legal difficulties as a result of filings this week in the bankruptcy courts.

The most important challenge to the bankruptcy strategy charted by Mr Frank Lorenzo, the chairman of Eastern's holding company, Texas Air, came from the Air Line Pilots Association.

The ALPA asked Judge Burton Lifland of New York, who is overseeing the bankruptcy proceedings, to appoint an independent trustee to take control of all of Eastern's assets.

In calling for this appointment, the pilots argued that Eastern had been improperly transferring assets for less than market value to the Texas Air holding company.

While US bankruptcy experts gave the pilots little chance of winning their argument over trusteeship, there seemed to be a serious possibility that the unions would be able to achieve one of their major tactical objectives – to drag Texas Air and its non-unionised subsidiary, Continental Airlines, into the court battles.

The sale of Eastern's computerised reservations system to Texas Air for only $100m in long-term junk bond securities, was seen by analysts as the most controversial of these transactions, although it occurred nearly two years ago.

In a related legal wrangle, the unions said that they hoped to join with other creditors in blocking or at least delaying further the proposed sale of Eastern's highly profitable New York-Washington-Boston shuttle operations to Mr Donald Trump the New York property developer.

To put additional pressure on Mr Trump and other potential buyers of Eastern assets, the pilots union announced that it would instruct its members to refuse to fly any Eastern aircraft or routes unless these operations were acquired along with their existing unionised staff.

Because of a nationwide shortage of experienced airline pilots, such boycott tactics appear to have a much better chance of success in the present dispute than in Mr Lorenzo's previous clash with the unions, when he took Continental Airlines into bankruptcy in 1983.

Banks report new pressure on prices

By Anthony Harris

CONTINUED pressure on costs and prices, including renewed pressure on food prices from abnormal weather, and strong export demand are reported by the member banks of the US Federal Reserve. There is little financial pressure reported.

In their report on current conditions, known as the beige book – a briefing for the next meeting of the Federal Open Market Committee – they characterise growth as "moderately strong". Car sales are, by contrast, weak, and the banks report some inventory problems.

Retail sales apart from cars are reported as unusually strong, supported by high consumer confidence, though this trend may by upset by an early Easter. The clothing market is recovering from an 18-month depression and electronics and furnishings are also strong features.

The inflation report is moderate in tone. "Despite additions to productive capacity and improvements in efficiency that are forestalling widespread bottlenecks, material and product prices are edging up, albeit sporadically and at an uneven pace," says the report. "Labour markets continue to tighten, with labour shortages noted for both skilled and unskilled workers."

Manufacturers expect stronger future price pressures "due either to current strong conditions or attempts to pass through last year's large increases for particular inputs".

Venezuelan papers hit by new rate

By Joseph Mann in Maracaibo

PUBLISHERS of 48 provincial newspapers in Venezuela have warned a congressional committee that many could be forced out of business, or to drastically reduce their operations because of the effects of the recent devaluation of the bolivar.

Costs for importing newsprint have risen already by more than 150 per cent, they told the committee.

The plight of newspaper publishers reflects a general problem facing businesses in Venezuela after the government decreed a major devaluation last weekend.

Under the government's move, Venezuela's official exchange rate of 14.5 bolivars to the US dollar was eliminated and all international commercial and financial transactions must now be carried out at the free market rate.

On Tuesday, the bolivar closed at around 38 per dollar in the open exchange market. This means that imported goods will now cost Venezuelans 162 per cent more than before the devaluation.

Papers located outside Caracas have less access to advertising than those in the capital region, and thus are generally not so well prepared to confront the devaluation.

Other industries affected by the devaluation will also be forced to close down in some cases. Representatives of automobile assembly plants, for example, hold an estimated $700m in letters of credit related to past imports. They will have to absorb huge foreign exchange losses simply to settle these outstanding credits.

Eagleburger questioned on Kissinger links

By Peter Riddell

MR Lawrence Eagleburger, the deputy Secretary of State designate, was yesterday grilled closely about his close associations with Mr Henry Kissinger, the former Secretary of State and hate-figure among the conservative right in the US.

Senator Jesse Helms, the standard bearer of the conservatives, subjected Mr Eagleburger to close questioning during his confirmation hearing by the Senate Foreign Relations Committee.

However, virtually all other senators supported the nomination in questioning which focused on changing relations with other countries.

Mr Eagleburger described the operations of Kissinger Associates, the international foreign policy consultancy, for which he worked. However, while acknowledging his close links with Yugoslavia, where he was US ambassador from 1977 to 1981, he denied acting as a lobbyist or in any way contrary to US policy.

The questioning was conducted by Senator Helms with his usual heavy humour. "Can I call you Larry, or Mr Eagleburger?"; "If my brother was sitting there I would ask him the same questions."

WORLD TRADE NEWS

VW to use more E German parts

By David Goodhart in Bonn

VOLKSWAGEN of West Germany is stepping up its production of components in East Germany to take advantage of lower production costs in that country, and may eventually produce whole cars across the inner-German border.

The company announced at the East-West trade fair in Leipzig that it had signed a long-term co-operation agreement with the foreign trade organisation Heim-Electric and the motor "Kombinat" Ruhla. In the next five years the East Germans will deliver a variety of VW components including lights, windscreen wipers and starters.

Some VW engines are already made at an East German plant in Karl-Marx-Stadt but, according to Mr Carl Hahn, the VW chairman, the number of 1.1-litre engines produced there will be rising to 300,000 per year. About 100,000 will be sent back to West Germany to be fitted into the Golf model.

VW's increased use of East Germany as a production base is part of a growing trend of Western interest in the Eastern bloc where, in many countries, educational levels are quite high but wages low. Many of the East bloc countries are keen to encourage this because of access to technology and management skills it provides.

Although there is no firm agreement yet on producing whole cars in East Germany many observers believe that is just a matter of time.

VW also plans to extend its joint venture in China. Currently the Shanghai plant produces about 25,000 "Santana" cars a year for the Chinese market which is likely to rise to 30,000. The production of engines is also likely to be increased and some will be delivered back to West Germany.

Caricom trade increases

THE Caribbean Economic Community (Caricom) has reported an increase in trade among its 13 members for a second consecutive year. This suggests an end to the decline in community trade which set in after 1981 and which was arrested in 1987 when the value of regional imports grew by eight per cent.

The community, which is made up of the English-speaking countries of the region, including Belize in Central America and Guyana in South America, said the value of trade among members in the first nine months of last year reached $263.5m, which was nine per cent higher than the corresponding period of 1987.

The growth in intra-community trade is likely to increase following an agreement by the members last October to remove qualitative and quantitative restrictions and import controls on all but a handful of goods produced within Caricom.

Malaysia air settlement clears way for arms deal

By David White, Defence Correspondent

MALAYSIA is expected to announce shortly the start of detailed negotiations for its package of arms purchases from the UK, agreed last September and estimated to be worth more than £1bn.

The go-ahead follows the settlement of a long wrangle over Malaysian Airline System's landing rights at London's Heathrow airport.

Dr Mahathir Mohamad, the Malaysian Prime Minister, had ruled out formal linkage between the arms deal and the air dispute, but questions were raised recently about the future of the defence agreement and the possibility that Malaysia might turn to other suppliers.

The airline has been granted its sought-after increase in weekly flights from five to seven under a deal negotiated last week.

Mrs Margaret Thatcher yesterday paid a courtesy visit to Dr Mahathir, who was on a private visit to London. The arms agreement, which includes training and is considered a watershed in Anglo-Malaysian relations, was signed at prime ministerial rather than defence-minister level.

The Malaysian Defence Ministry has been drawing up a final list of weapons to be purchased under the deal, which is to be paid for partly in oil and other natural products.

The agreement is expected to include up to 12 Tornado combat aircraft, surveillance radars, missiles and howitzers.

EC takes tough line on farm subsidies

By Tim Dickson in Brussels

THE European Community appears to be taking an increasingly resolute line in negotiations with the US over how to cut the level of global farm subsidies.

The tangible hardening of the EC's position – which has become evident in the wake of last weekend's "ministerial" meeting in Brussels between Mr Clayton Yeutter, the US Agriculture Secretary, and Mr Ray MacSharry, the EC's Farm Commissioner – has potentially important implications for the success of next month's crucial review in Geneva of the multilateral trade talks known as the Uruguay Round.

The Geneva meeting under the auspices of the General Agreement on Tariffs and Trade (Gatt) is designed to breathe new life into the Uruguay Round negotiations which ran into difficulties over agriculture at the Montreal mid-term review in December last year.

But with time now rapidly running out, officials on both sides of the Atlantic are concerned that the differences between the two trade "superpowers" show little sign of narrowing.

Discussions between high-level experts over a possible deal on short-term measures and longer-term commitments will resume in the Belgian capital on Sunday – but it is already clear that the EC is determined to press home what it sees as a major tactical advantage in focusing on the short term.

According to those involved, the change of emphasis owes much to Mr MacSharry, who only took up his new post in Brussels in January and who is proving markedly less liberal than his predecessor, Mr Frans Andriessen (who now has overall responsibility for the Gatt negotiations in his role as External Relations Commissioner and who was also a key participant, with Mrs Carla Hills, the US Trade Representative, in last weekend's talks).

In a speech to the International Chamber of Commerce on Tuesday, Mr MacSharry emphasised the success of recent reforms of the Common Agricultural Policy – milk quotas and the removal of open-ended EC price supports, for example – and pointed out that "many of the so-called mountains and lakes of surplus products have disappeared."

He added: "We are justifiably proud of our achievements in reducing expenditure on agricultural support, and of the positive effect of our internal reforms on the world market. We feel that the discipline we have imposed on ourselves must be given due recognition during the talks, and that others should follow our lead instead of stepping in to profit from our efforts".

Mr MacSharry says European farmers and a growing number of Agriculture Ministers are angry at what they see as a lack of US commitment to short-term change.

EC demands stressed at last week's meeting with Mr Yeutter included immediate cuts in US target prices and a reversal of Washington's policy shift over the terms of the wheat set-aside programme.

American officials say this is justified by last year's catastrophic drought in the Mid-West, but Mr MacSharry complained to his International Chamber audience this week that it would result "in an increase in wheat production from 49m tonnes in 1988 to 70m tonnes per annum by the year 1990."

Sacrifices made by Europe's dairy and oilseed producers were contrasted with the virtually levy-free access of US cereal substitutes and protein products.

It is understood that last weekend's talks focused almost exclusively on the short term, with the EC pushing for a flexible freeze on farm subsidies in 1990 (in other words, the average over all products is what would count), pending negotiations on further concerted action to reduce supports.

Major difficulties, however, remain unresolved. Chief among these is finding an objective means of measuring subsidies, with the EC eager to promote its own Subsidy Measurement Unit (SMU) at the expense of the Producer Subsidy Equivalent (PSE) pioneered by the OECD. Mr MacSharry is adamant that the PSE does not adequately reflect the action taken in recent years by the EC.

Another obstacle, meanwhile, is the base date for the "freeze," where the EC is pushing for 1984 and the US for another year, possibly 1986.

Finally, there is the wording which the two sides will have to agree for longer-term action. Publicly, the US remains attached to the goal of ultimately abolishing farm subsidies – but while one proffered alternative of "ratcheting down" is not viewed with much enthusiasm in Brussels, there is some expectation in the EC that Washington will be more flexible if a deal can be agreed on the short-term position.

THE 14-nation Cairns group of independent farm producing countries begins a two-day meeting in New Zealand tomorrow, amid growing concern that the US and EC may be unable to resolve their differences over world farm reform ahead of next month's Uruguay Round deadline, Peter Montagnon reports.

"It's not overstating the position to say we are close to a crisis," Mr Michael Duffy, Australian Trade Negotiations Minister and Cairns Group chairman, said this week.

The Cairns Group will prepare a common approach to the Uruguay Round talks scheduled for the first week of April. An Australian briefing document said it was looking to the April meeting to provide a basis for resumed negotiation on world farm reform.

For this, it believes international agreement is needed on a long-term framework of comprehensive agricultural reform, backed by a package of early action measures involving a freeze and cutback in farm support expressed in policy-specific terms.

Australian officials said the Cairns group and the US maintained that policy-specific disciplines were needed to give substance to any commitment to freeze support and prevent backsliding while longer-term negotiations proceed.

The Cairns Group, like the US, believes the EC should be persuaded to undertake more short-term action which would reflect an armistice on present access, subsidy and domestic price issues.

It did not accept that the EC proposal for a freeze in support, using its own aggregate measurement of support and based on historic levels of administered prices in 1984, was sufficient.

Iceland wins breakthrough in Efta on fish products

By Robert Taylor in Oslo

ICELAND HAS finally achieved a breakthrough in its 18-year campaign to achieve the liberalisation of trade in fish and other marine products within the area of the European Free Trade Association.

At the Efta heads of government conference in Oslo yesterday, it was agreed that there should be free trade in fish within the Efta area from July 1 1990.

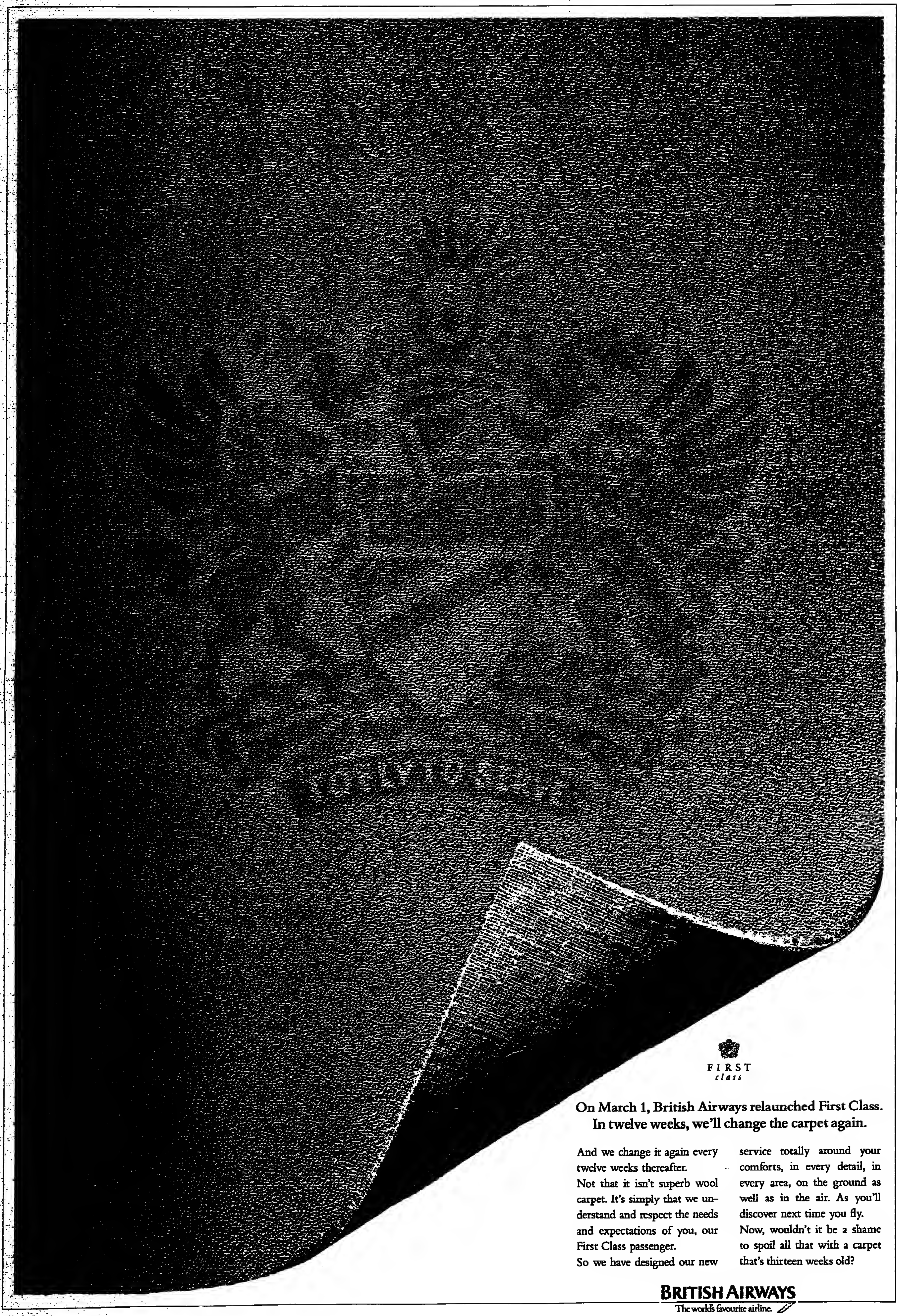
As a compromise to ensure final settlement of the protracted fish saga inside Efta, Finland is to be allowed to maintain its present preferences for Baltic herring and salmon but before 1 January 1993 it has been asked by Efta to present "a fixed timetable within which those exemptions shall be eliminated".

Iceland insisted Efta should make an explicit commitment to the full liberalisation of trade in fish in the Oslo declaration which deals with relations with the EC.

This is not the first time in recent years that Efta discussions have been diverted by Icelandic demands for an opening of Efta markets to its fresh fish and fish products.

"We are very satisfied with the outcome," said Iceland's Prime Minster, Mr Steingrimur Hermannsson yesterday. "This is something we have campaigned for since the 1960s."

Iceland's economy is dominated by the fishing industry. This is going through a difficult time because of the slump in world fish prices, so the Efta concession should help Iceland to diversify its markets.


FIRST
class
On March 1, British Airways relaunched First Class.
In twelve weeks, we'll change the carpet again.
And we change it again every twelve weeks thereafter.
Not that it isn't superb wool carpet. It's simply that we understand and respect the needs and expectations of you, our First Class passenger.
So we have designed our new service totally around your comforts, in every detail, in every area, on the ground as well as in the air. As you'll discover next time you fly.
Now, wouldn't it be a shame to spoil all that with a carpet that's thirteen weeks old?
BRITISH AIRWAYS
The world's favourite airline.

FT LAW REPORTS

Balancing regulation and freedom

By Geoffrey Lewis in Hong Kong

The Securities and Futures Bill now considered by Hong Kong's Legislative Council, has been called "draconian". A closer scrutiny reveals that as regards civil liberties it is less draconian than the UK financial, companies and insolvency legislation.

There has been concern in Hong Kong that the Bill may lead to over-regulation, and that the powers with which the new Securities and Futures Commission is to be invested are too extensive. Such vigilance is always justified, and particularly as so much of Hong Kong's phenomenal success is due to the free rein given to enterprise and the ingenuity of its people.

However, the alternative to stricter regulations seems to be a retreat into being a purely local market. The Bill closely corresponds with the blueprint of the Davison Committee, which aimed at safeguards enabling Hong Kong to aspire to become the primary capital market in Sonth East Asia. The financial community accepted and welcomed these conclusions at the time the report was submitted.

The essential features of the Davison Committee recommendations were that there should be a two-tier system of supervision, the self-regulation of the Stock Exchange and Futures Exchange being conducted "under the watchful eye of a statutory body." Self-regulation alone would not be enough because those who regulate their own colleagues, are tempted to proceed softly.

The Committee recommended the establishment of a Securities and Futures Commission, detached from Government but accountable to it, and be staffed by independent-minded professionals rather than civil servants. The Government should hold the ultimate sanction of appointment and removal of the directors of the new Commission.

The Bill provides for the Commission's power to intervene in the affairs of a financial intermediary, or in the management of either of the two exchanges, if the protection of investors requires it.

The Commission will have power to investigate suspected fraud or other wrong doing, to call for documents and interrogate. Provisions of this type have been in the English Companies Acts for a long time. According to the Hong Kong Bill, a person being questioned must answer even if the answers incriminate him, but neither the questions nor the answers are admissible in criminal proceedings against him.

This formula, which gives precedence to the protection of investors and preserves the right to avoid self-incrimination, has already been enacted in two existing Hong Kong Ordinances *(1)*. It seems, however, that it is less severe than its counterpart in the UK Financial Services Act, section 105. Although there is as yet no judicial decision on this section, it appears from a line of cases under the Bankruptcy Acts, and from dicta in other cases, that someone interrogated under section 105 would be bound to answer questions even if it meant incriminating himself; and that his evidence would be admissible if criminal proceedings were later brought against him *(2)*. This is a harsh result, and one not proposed for adoption in Hong Kong.

The need for such a new supervisory body can be better understood against the background of the events of 1987. News of the Crash on the New York Stock Exchange reached Hong Kong in the early hours of October 20, 1987. The Committee of the Hong Kong Stock Exchange immediately decided to suspend trading for the four remaining days of that week. The Futures Exchange quickly followed suit. The reasons given were the possibility of confusion and disorder in the market, the risk of bank runs, and the huge backlog in settling bargains.

The situation was particularly grave on the Futures Exchange. Brokers on the buying side were finding it impossible to meet their daily margin obligations and their clients were reneging. Because of its inadequate capital base, it was likely to prove impossible for the Guarantee Corporation to continue to guarantee members' bargains. A high proportion of the short positions in the Hang Seng Index contract were held by international institutions as a hedge against physical stocks. If the futures market collapsed, or, as was suggested, there was to be a forced closing of bargains at an arbitrary price, or "ring out", these physical stocks, said at the time to have a value of between HK$5bn and HK$6bn, would probably be thrown on a collapsing stock market. As if that were not enough, all but two of Hong Kong's unit trust companies suspended redemption of units during the week of the closure.

In the event, the Futures Market was supported by funds provided to the Guarantee Corporation by the Hong Kong Government, the shareholder banks of the Corporation, and other banks and brokers. The markets opened again on Monday, October 26, but again fell violently; further funds were made available to the Guarantee Corporation during the night of October 26-27 and the markets again opened in the morning and weakly survived.

In January 1988, the Chairman of the Stock Exchange and a number of his colleagues were charged under the Prevention of Bribery Ordinance with matters unconnected with the October Crash.

These events were responsible for the broadly held opinion that, as a financial centre, Hong Kong had been shown to be volatile, unstable, speculative, and even not serious.

Following the Crash, the Hong Kong Government acted with commendable speed and resolution. In November 1987 a Committee under Mr Ian Hay Davison was appointed to review the constitutions, powers, management and operation of tha two exchanges and their regulatory bodies. Before October was out the Stock Exchange had appointed a new and widely respected chief executive, Mr Robert Fell, and new governing bodies for both exchanges, were in place by the following summer, along with other important reforms to their rules and operations.

The Davison Committee produced its report in May 1988, a forthright and lucid document whose conclusions were quickly accepted by Government as an essential blue-print for reform. The Committee found that self-regulation had failed, and that the supervisory bodies charged with overseeing the markets had lost control of events.

Although there has been a stock exchange in Hong Kong since 1891, the regulation of the market dates only from 1973. In 1969 a new Exchange had been opened called the Far East Stock Exchange which, in the words of the Davison Committee Report, "revolutionised the local stock market scene," and "established rules suited to the Chinese business community."

The new Exchange was immediately successful in ettracting business and was followed by others. Plans were in hand to open further exchanges. That and frenzied stock market activity in 1973 prompted the Government to legislate. A regulatory framework with a Securities Commission and a full-time Commissioner and staff were established to supervise the operations of the markets. The powers accorded to these bodies were extensive, but their resources were shown to be inadequate to cope with the cataclysmic events of 1987.

The Davison Committee assumed, without arguing the point, that the further regulation of securities markets is both desirable and necessary for Hong Kong. In a world in which trading is conducted around a 24 hour clock and a bargain may be as easily booked in New York or Sydney as in Hong Kong, the international houses will deal only in a market protected against manipulation, rigging and other abuses.

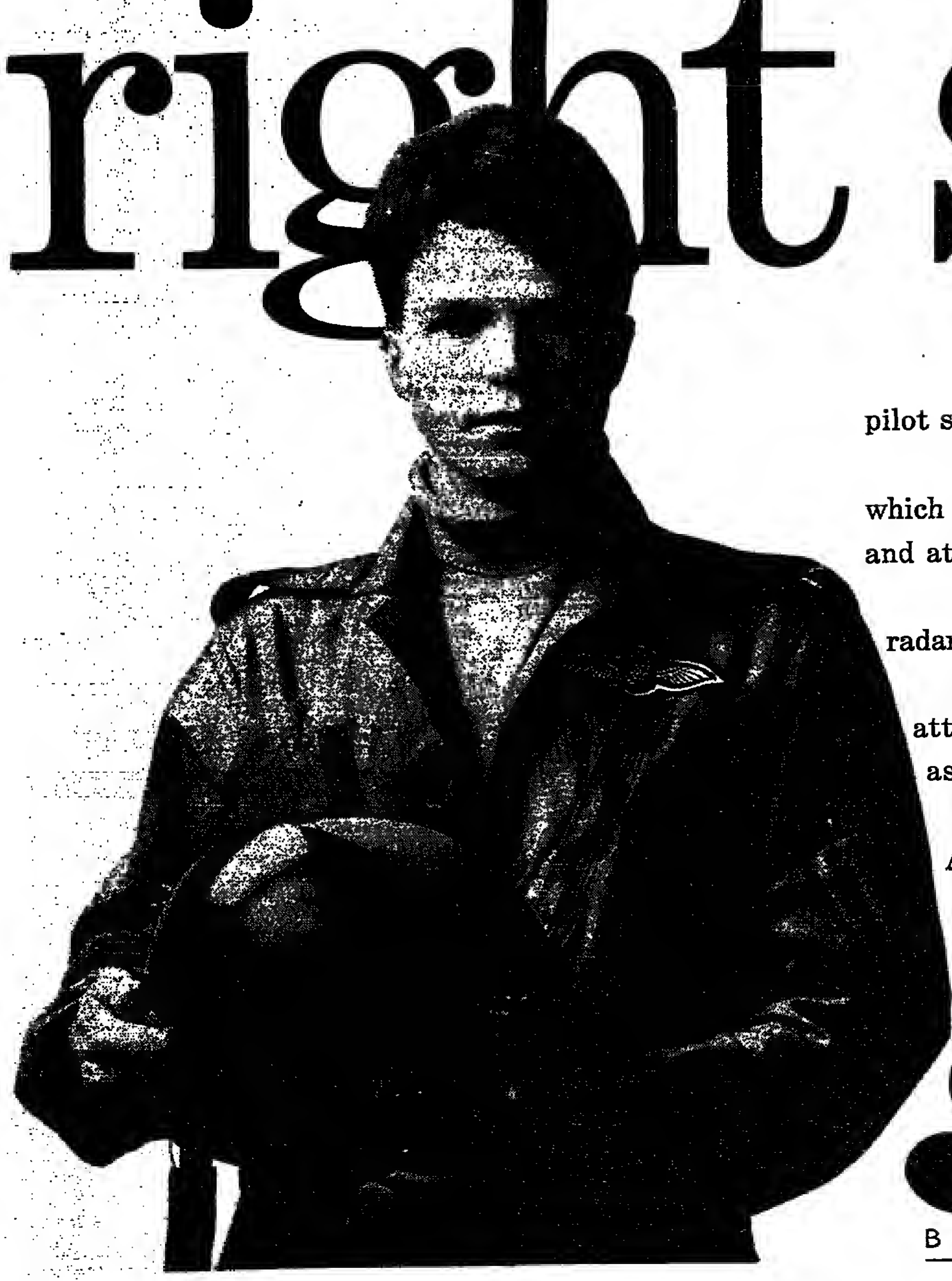
Moreover, if a Hong Kong company wishes to list its shares in New York or London as well its home market, it will increasingly find that the overseas listing authorities turn their attention to conditions in the home market, as well as to the company itself.

Too much bureaucracy and interference must be avoided, but Hong Kong simply cannot resist the regulatory trend, in spite of tha justifiable pride in its *laissez faire* tradition. In the end it is a question of finding the right balance.

1) Companies Ordinance, section 145(3A); Securities Ordinance, section 127(8)
2) R v Scott (1856) Dears & B 47; Re Atherton [1912] 2KB 251; R v Harz [1967] 1 AC 60; R v Harris [1979] 1 WLR 1252; A o HM Treasury [1979] 1 WLR 1056
See also "Statutory Restrictions on the Privilege against Self-Incrimination," J.D. Heydon 87 LQR 214.

The author is a partner in Herbert Smith, at present on secondment to the Hong Kong Government as Adviser on Securities Legislation.

We obviously make the right stuff



Mach Two is no time to make mistakes.

That's why Concorde relies on a GEC Marconi autopilot system to help fly the Atlantic at 24 miles a minute.

Pilots everywhere count on our avionics equipment, which includes electronic warfare systems, head-up displays and attack systems.

The RAF's Tornado depends on our Foxhunter airborne radar, our missile seekers and our fly-by-wire flight controls.

And the US Marine Corps use our infra-red night attack sensors on their Harriers, letting pilots fight as effectively in darkness as in daylight.

(The system won GEC Marconi one of its many Queen's Awards for Technological Achievement.)

As for GEC in the future?

Well, you'd better fasten your safety belts.

GEC

BRITAIN'S POWERHOUSE

UK NEWS

Jaguar offered support to fight off hostile bids

By Kevin Done, Motor Industry Correspondent

JAGUAR, the UK luxury car maker, has received offers of support from two leading international automotive groups to assist its defence against unwanted takeover bids in the early 1990s.

The company, which was privatised in 1984, is still protected by a so-called golden share held by the Government which protects it from predators and effectively limits single shareholdings in the company to a maximum of 15 per cent.

This protection runs out at the end of next year, when the special share will be redeemed, and speculation has been intensifying that Jaguar will be defenceless.

In the last two years its earnings have dropped as the fall in the value of the dollar has undermined the profitability of crucial US sales, which last year accounted for about 43 per cent of turnover.

Jaguar's 1988 results are due today and pre-tax profits are expected to be more than halved at £40m-£45m against £97m the previous year and £120.8m in 1986.

The company's share price has fluctuated widely in recent months as the stock market has been hit by repeated rumours of stake-building by foreign car manufacturers in one of the world's last independent luxury car makers of significant size.

The most recent rumours have featured all three US car makers – General Motors, Ford and Chrysler – as well as Volkswagen of West Germany.

It is understood that in response to rumours of hostile stake-building Jaguar has been approached by two large, cash-rich automotive groups with offers of help to keep the company independent.

Sir John Egan, Jaguar chairman and chief executive, said: "There are a number of companies that would like Jaguar to remain independent and have offered help. They value us remaining independent."

Some analyst reports in recent months have suggested that Jaguar was already extremely vulnerable, with the rapid deterioration in its profitability and the prospect of further reductions in earnings.

● The 9,000 manual workers at Jaguar, the West Midlands luxury car maker, yesterday voted, for the fourth time, on the company's pay offer. The result is expected today, Fiona Thompson writes.

In a secret ballot, members faced a straight "Yes" or "No" choice on the amended pay offer, which stressed that a "No" vote meant support for strike action. The offer included a new element: up to £50 annual payment to employees who have not been absent through sickness between May 1 and December 31 this year.

A fortnight ago the unions rejected the pay offer.

Battle to keep heavier lorries off UK roads looks set to fail

By Tim Dickson in Brussels

THE UK Government's battle to keep heavier lorries off British roads until the late 1990s now appears doomed after key decisions on axle weights taken in Brussels earlier this week.

European Community diplomats and officials agreed yesterday that while the outcome of Tuesday's Council of EC transport ministers was not decisive on the issue, the UK will almost certainly be forced to accept an end 1996 deadline at the next meeting of the 12 scheduled for June.

Backbench MPs at Westminster are bound to view the latest developments with alarm despite the defiant attitude of the UK's Transport Minister Mr Paul Channon late on Tuesday night.

The matter has been complicated by the fact that the long standing negotiations on harmonising maximum lorry weights among the member states – a key element in the struggle to create a single European market – have centred on two separate packages.

Common limits for five and six axle vehicles were agreed by the EC in December 1984 at 40 tonnes total weight plus a maximum of 11.5 tonnes for the key drive axle, which powers the lorry. The decisions finally taken on Tuesday night, which will come into effect between July 1 1991 and January 1 1993, cover only to two, three and four-axle vehicles and consist of a 36-38 tonne limit overall, and an individual drive axle limit of 11.5 tonnes.

The key issue for Britain and Ireland, which both argue that their bridges are not strong enough to carry juggernauts of this size, relates to the length of the "grace period" which they will be given before they have to come into line. Britain already has a derogation for 38 tonnes and 10.5 tonnes for the heavier lorries, while the European Commission is proposing that the UK be allowed to continue with lower limits on the smaller vehicles till the end of December 1996.

Despite Mr Channon's protests that "a good 8 to 9 years" is needed for work on British bridges to be carried out, Tuesday's Council committed itself to taking a final decision by qualified majority voting at the June meeting.

Assuming the Commission does not change its mind, Britain's undated exemption for the heaviest lorries will become irrelevant. Although that can only be terminated by unanimity, officials point out that retaining it will simply encourage operators to transfer loads from five and six-axle lorries to four-axle vehicles of the same size. "The effect on our roads and bridges would be much worse with fewer axles to spread the weight," a British official explained.

Price of a night at the opera could reach £200

By David Churchill, Leisure Industries Correspondent

TWO top-price seat tickets to see international opera stars such as Placido Domingo and Luciano Pavarotti with the Royal Opera will cost almost £200 from next season.

The top price to see the opera world's superstars in productions such as *Otello* or *L'elisir d'amore* from September onwards will be £98 for a seat in the Grand Tier.

For operas featuring lesser stars, the new top price will be £82. At present the most expensive seats in the 2,000-seater opera house cost £75 each.

Mr Jeremy Isaacs, who took over as general director of the Royal Opera House last September, announced the price increases in London yesterday along with plans for eight new opera productions next season.

"We must either charge these prices or go out of business as an opera house," he said.

"As steep as the prices are, they are not unreasonable or excessive in comparison with other European opera houses who receive twice our level of State subsidy," he added.

Top seat prices in Vienna, for example, are £145 a seat for performances involving Domingo or Pavarotti. For operas with other performers at the Vienna Opera House, the top seat price this season is £78.

At La Scala in Milan the top seat price this season for non-Pavarotti/Domingo performances is £92.

Mr Isaacs believed the Royal Opera House would have little trouble in filling seats even at the higher prices, although he also announced plans for a new subscription scheme which could cut prices by as much as a fifth for regular opera-goers.

He also pointed out that average price rises for opera performances would be 11 per cent with some 800 amphitheatre seats available at £19 each for most performances.

Defending the price rises to journalists yesterday, he said people "will want to give themselves an occasional treat. It's a great night out at the opera."

Mr Bernard Haitink, music director of the ROH, said yesterday: "I am extremely concerned about the increases."

The opera plans for the coming season cover 130 performances of 18 operas, with eight productions new to London.

Mr Isaacs said the Royal Opera planned to go ahead with a full cycle of Wagner's *Der Ring Des Nibelungen* from the autumn of 1991, even though the production started last year by Mr Yuri Lyubimov had been scrapped.

UK denies Spanish IRA claim

By Peter Bruce in Madrid and Charles Hodgson in London

THE British Government yesterday firmly denied a Spanish newspaper report that British security forces were informed in advance that the three IRA terrorists killed in Gibraltar last March had entered the colony unarmed.

Rejecting the front-page article in the leading Madrid daily *El Pais*, a Foreign Office spokesman in London said that the Spanish authorities "would not have been in a position" to warn that the terrorists were unarmed since "there was no Spanish surveillance of the IRA unit on the weekend of the incident."

The Government has maintained that the three, Daniel McCann, Mairead Farrell and Sean Savage, were shot dead by members of the Special Air Services (SAS) because of fears that they had parked a car bomb in the centre of Gibraltar and might themselves be armed.

Last September's inquest in Gibraltar into the three deaths returned a verdict of lawful killing. The jury was told that Spanish surveillance had broken down just before the terrorists entered the colony and that it was therefore unclear whether the terrorists were armed.

The Spanish authorities claimed at first that the terrorists had been under watch right up to the border with Gibraltar but refused to allow the police involved in the surveillance operation to testify at the inquest.

Earlier this week, the Spanish Government awarded special commendations to 22 officers involved in tracking the IRA trio.

Opposition Labour MPs said yesterday's report added weight to calls for an independent inquiry into the shootings. Critics of the verdict – based on evidence that the Gibraltar authorities thought the three might be armed and could not risk a bomb detonation or gun battle during an arrest – have argued that the inquest left serious questions about the operation unanswered.

The El Pais report was attributed to senior Spanish police officers involved in tracking the terrorists and there was speculation in Madrid that the officers, angered at the way reports of their last-minute "incompetence" have been allowed to go unchallenged, may have leaked their side of the story to the press without the permission of the Ministry of the Interior.

Stock exchange declares E. J. Collins in default

By Nick Bunker

E. J. COLLINS yesterday became only the third UK stockbroker this decade to be "hammered" by the Stock Exchange. It was declared in default at 9.30am after the firm decided on Tuesday to wind itself up.

Employees were told at a meeting yesterday that about 50 of the firm's 60 staff are losing their jobs. A small number are being kept on to assist the provisional liquidator, Mr David Morgan.

Little information was available about the state of the firm's assets and liabilities, but Mr Morgan said he hoped to have a draft statement of affairs ready for the first creditors' meeting on March 23.

The Securities Association, the regulatory body which ordered E.F. Collins to cease trading said this week it did not think any clients were at risk of loss.

Ministries to farm out telecoms

By Hugo Dixon

THE Government plans to farm out most of its non-military telecommunications traffic to the private sector in what could be the most significant single boost to the development of private telecommunications networks in the UK.

About £300m spent annually on phone calls by central government departments would be carried over a network constructed by a private company. Most of this traffic is now carried either by British Telecom or over the Government's internal networks.

Last year the Government put most of its data traffic down a special network run by Racal, the UK electronics group. The new network would probably involve integrating ordinary phone calls with this data.

By so doing, the Government expects to cut its phone bills and tailor a service more closely to its needs.

Integrating voice and data traffic would make Racal the favourite candidate to run the new network, particularly since the Government is pleased with the way it has handled the data project. Other communications companies, however, will almost certainly want to bid for the contract which could be worth £2bn-3bn over seven years.

Five large administrative departments – the Department of Social Security, Inland Revenue, Home Office, Customs & Excise and Department of Employment – are already involved in the data network. These are expected to be the main users of the new integrated network.

Non-executive directors earn average of £9,500

By Joel Kibazo

NON-Executive company directors in the UK devoting 30 days or less per year to their companies were paid an average annual salary of £9,500 in 1988, according to a survey published yesterday.

The survey commissioned by Pro Ned, the organisation sponsored by the Bank Of England, the Stock Exchange, and the Confederation of British Industry to promote the increase in non-executive directors, revealed that in all the 740 companies surveyed, the average number of days per year spent on the company's business by a non-executive director was 23 days.

The proportion of non-executive directors devoting more than 30 days to the company was 10 per cent and their average annual fee was £26,000.

The report notes there are differences in pay based on company size, region and industry sector.

The highest salaries were paid by companies in central London where there is a concentration of the head offices of the largest corporations while salaries were lowest in South West England, the North East, Wales and Scotland.

The lowest fees were paid in the agricultural sector and the average number of non-executive directors on the board is between three and four.

Non-Executive Directors, a survey of fees and related facts. Pro Ned, 1 Kingsway, London WC2B 6XE. £50.

Watchdog calls for action to fight natural radiation

By David Fishlock, Science Editor

BRITAIN'S heavy investment to minimise public exposure to radiation from the reprocessing of spent nuclear fuel is not being matched by comparable concern for a bigger source of radiation, according to the Government's watchdogs on public exposure to radiation.

The National Radiological Protection Board (NRPD), an agency funded through the Health Department, believes the naturally radioactive gas radon, seeping into buildings from the ground, may account for about 2,500 cases of lung cancer a year in the UK.

This compares with an estimate of 1,500 cases a year made in the NRPD's last survey in 1984.

The board calls for action to control seepage when people are being exposed to levels of 20 milli-Sieverts or more a year – a level well below the peak exposures of 100mSv it has found, particularly in South West England in Devon, Cornwall and the Scilly Islands.

By comparison, the so-called "critical group" of people outside the nuclear industry believed most at risk from the discharges of British Nuclear Fuels's reprocessing factory at Sellafield, Cumbria, are receiving only 2.3mSv.

Reprocessing workers are being exposed to about 5mSv a year, compared with nuclear reactor workers who receive only about 1mSv from their occupation.

The legal limit in Britain for anyone working with radiation is a dose of 50mSv a year.

Of the radiation people received from nuclear wastes and discharges, nearly 60 per cent came from Sellafield in 1987.

People are also exposed to radiation from such devices as colour television sets, luminous watches and dials, and the burning of coal, but the dose is extremely low, except for the frequent air traveller who is exposed to higher doses of cosmic rays.

A traveller who spends 100 hours a year aloft is exposed to a dose of 0.4mSv.

The survey says doses to critical groups in the UK – people who may have consumed a high proportion of food and water contaminated with Chernobyl fall-out, owing to local rainfall – "are unlikely to have exceeded 50 per cent of the annual dose from natural sources".

BNFL estimates that it has spent £200m on plant to reduce radiation discharges at Sellafield brought into service since 1985, and has committed a further £500m to plant for this purpose expected in service by the early-1990s.

Radiation exposure of the UK population -1988 review. By J.S.Hughes, K.B.Shaw and M.C. O'Riordan, NRPB-R227. HMSO. £7.

Aero-engine may be produced by UK-US joint venture

Rolls-Royce drops proposal for government aid to develop jet

By Lynton McLain

ROLLS-ROYCE has dropped its application to the British Government for launch aid for the Rolls-Royce RB211-524L, the most powerful aero-engine in the world, and is talking with Allison, a US aero-engine company about a share in the project.

Launch aid would have been worth about a third of the estimated cost of £300m for full development of the engine, but even without launch aid, the company will continue to benefit from aid that went into the development of an earlier derivative of the engine, the RB211-524D4, in 1982, the last time RR received launch aid.

The company is in talks with the Allison division of General Motors about the US company taking a risk and revenue share in the new engine project.

Allison and Rolls-Royce are currently working on a new small engine, the RB580. This is suitable for small regional airliners, such as the Shorts FJX and the Canadair New Regional Jet.

Rolls-Royce claims a lead over its US competitors, General Electric and Pratt & Whitney. They also have high thrust engines, the PW4000 and the GE 80C2, but Rolls-Royce claims its engine has the greatest potential for development, to almost 80,000 pounds, or 36 tonnes of thrust, the size likely to be needed for wide-bodied jets.

Rolls-Royce took the decision to withdraw its proposal to the Government for launch aid for the development of the RB211-524L engine because of its confidence it can develop the engine from its own resources and it wants to be free from Government constraints.

Its resources include its "strong financial position and success in obtaining overseas partners for the RB211-524L programme", the company said yesterday.

Resources include its research and development capability and the work that has already been done to prove the technology involved in the new engine.

The market for high thrust aero-engines is moving so fast the company feels it cannot afford to be fettered by Government. It would be answerable to the Department of Trade and Industry for the way the new engine project developed and it would have to pay the Government a levy on each engine sold.

The Government did not provide launch aid for the last three derivatives of the RB211-524 engine, the G, H and now the L engines. The company has sold 200 G and H variants, in addition to the 300 D4 engines sold with launch aid.

Rolls-Royce said yesterday it had negotiated reductions in levies to be paid to the Government on future sales.

The company had already taken the decision to share the development of the new high thrust engine with international engineering companies. So far, these are in Japan, where Kawasaki Heavy Industries and Ishikawajima-Harima Heavy Industries have taken shares totalling 10 per cent as risk and revenue sharing partners in the engine.

A further reason for Rolls-Royce withdrawing its bid for Government aid was success in winning its launch order for the new engine last month. Air Europe, the UK charter carrier, ordered six McDonnell Douglas MD-11 trijets, with an option on 12 more, powered by the RR engine.

Engineers see rise in overseas contracts

By Andrew Taylor, Construction Correspondent

BRITISH consulting engineers last year won contracts on foreign projects worth £9.7bn, a rise of almost a fifth on the previous year and the first increase since 1985.

Mr Geoffrey Coates, chairman of the Association of Consulting Engineers, said the increase would help boost Britain's invisible earnings.

Foreign earnings by consulting engineers fell from £420m to £400m last year. Overseas earnings in 1984 were £577m. The decline since then reflects the sharp fall in international construction order books during the 1980s.

The total value of foreign projects involving British consulting engineers last year was £32.8bn compared with more than £53bn in 1982.

The biggest increases in new orders last year occurred in the Far East and Africa. The value of new contracts involving British consultants in the Far East rose from £869m in 1987 to £2.23bn last year. African contracts rose from £745m to £1.26bn. Orders in the Middle East stayed flat.

The rises reflected improvements in some African economies which had triggered World Bank loans, a booming construction market in Hong Kong and an improvement in international relations between Britain and Malaysia.

The biggest percentage rise in new orders was in the European Community, but these remained only small part of the total overseas market, said Mr Coates.

EC countries accounted for less than 10 per cent of consultants foreign earnings.

West Germany tops European league of machine tool buyers

By Nick Garnett

WEST Germany's is Europe's biggest consumer of machine tools and the third largest in the world behind the Soviet Union and Japan, according to the latest world machine tool survey.

The data shows Italy moving closer to Germany in second place in consumption of machine tools, one of the main indicators of industrial investment. The UK has fallen into third place, neck-and-neck with French industry.

Italian industry, which in 1986 purchased fewer machine tools than the UK in dollar terms, bought more than 50 per cent more machine tools than Britain last year, despite a big jump in the installation of such machines there last year.

In Western Europe, West Germany has traditionally been the biggest purchaser of production machinery. In 1988, German industry purchased $3.85bn worth of machine tools, according to the American Machinist magazine, the only organisation which compiles annual figures.

Italy has been narrowing the gap on West Germany. It easily passed the UK in 1987, and consumption of machine tools in Italy last year jumped a further 25 per cent to $2.18bn.

British industry had a similar increase in consumption in 1988 but this followed a disastrous 1987. Consumption of machine tools in the UK in 1988 was $1.4bn, marginally ahead of France.

The huge growth in demand for machine tools in Italy, which the magazine refers to as "a boom" has been matched by a big jump in domestic Italian machine tool production.

Italy increased production by more than 25 per cent in 1988, lifting it into fourth place and above the US as a machine tool producer. The increase was the same measured in either dollars or lire. Total production in Italy was $2.8bn, placing it behind Japan, the world's biggest supplier, West Germany and the Soviet Union.

The UK retained its position as the world's eighth's largest producer in 1988 with sales of $1.35bn, behind Switzerland and East Germany.

Japanese manufacturing industry purchased 56 per cent more machine tools, measured in dollars, than in 1987. Japan almost toppled the Soviet Union as the world's leading consumer in 1988. Domestic Japanese output, up 35 per cent, struggled to keep pace.

● United Precision Industries, largest British-owned maker of bearings, announced yesterday the purchase of two bearing makers in West Germany and Switzerland.

United Precision, which purchased the bearings business of RHP in 1987 for £73.5m, has bought NWG, based at Munderkinden south of Stuttgart, and WIB, which manufactures outside Geneva.

NWG, with sales of £18m last year and a workforce of 400, specialises in deep-grooved ball bearings. Its customers include Daimler-Benz and ZF, the gearbox maker. WIB makes precision miniature ball bearings and had sales of £6m and a workforce of 170.

Both companies were owned by Mr Reinhold Claas, a member of the family controlling the Claas combine harvester manufacturing company. The West German market bearings which is three times larger than that of the UK.

United Precision will use NWG to sell the British company's wider product range.

AFTER THE BUDGET

Cut in interest rates unlikely without slowdown in monetary growth and firm pound

Lawson reinforces caution on interest rates

By Peter Norman, Economics Correspondent

ANY REDUCTION in British interest rates depends on a slowdown in the Government's chosen M0 measure of monetary growth and a firm pound, Mr Nigel Lawson, the Chancellor, said yesterday.

Before acting on interest rates he would need to be "very confident" that M0, which measures mainly notes and coins in circulation, was coming back into the 1 per cent to 5 per cent growth range set by the Government for the coming financial year, he said.

A lot would also depend on the exchange rate, he said. He stressed that the Government's determination to lower inflation would not permit a devaluation of sterling. "To allow the pound to dive would not be consistent and that will not happen."

Mr Lawson's remarks reinforced the impression in his Budget speech that the 13 per cent level of base rates will remain for some time. M0 rose by 6.1 per cent in the 12 months to January but has risen at a low 3 per cent annualised rate over the past six months. In his speech Mr Lawson said interest rates "will stay as high as is needed for as long as is needed" to combat inflation.

The Chancellor drew some comfort yesterday from international interest rate developments, however. While interest rates world-wide may go "a little bit higher, I would have thought they are probably quite close to their peak," he said. Much depended on the US, where rates "if not at their peak are pretty near it." The West German Bundesbank probably thought that international interest rates were near a peak as well, he added.

On inflation, he said increases in mortgage rates were almost sure to push up the retail price index for February from January's 7.5 per cent annual rate. "We will inevitably see some hike in the retail price index when the next figure comes out," he said.

This was because some building societies only joined the recent round of lending rate increases at the beginning of February. The February retail price index is due to be published on March 23.

The Chancellor rejected the idea his tight anti-inflationary fiscal and monetary policies would push Britain into recession. "I see slower growth, not a recession," he said.

Mr Lawson said this year's Budget should not be viewed in isolation. With its reform of National Insurance contributions in particular, it was a further step in the process of improving the supply side of the economy.

He said National Insurance changes, which will eliminate the inequities of the present system for low wage earners, "completed reform of National Insurance concerned."

Mr Lawson acknowledged that the co-existence of National Insurance and income tax as separate systems had resulted in a "slightly untidy" dip in combined marginal tax rates among higher earners.

But the Government had acted at the lower end of the pay scale because that was where problems existed. The old National Insurance rates deterred the low paid and part time employees from working overtime.

'Cautious' budget hurts shares, but pound rises

By Ralph Atkins, Economics Staff

STERLING rose further on foreign exchange markets yesterday as financial markets digested Tuesday's UK budget and speculation of an early cut in interest rates faded.

Financial markets interpreted the sixth budget of Mr Nigel Lawson, the Chancellor of the Exchequer, as cautious if not lacklustre.

Less welcome were his economic forecasts for 1989 showing a harder landing for the UK economy than previously expected.

Shares weakened on fears of slower economic growth and profit-taking after substantial gains earlier in the week.

At one point the FT-SE 100 share index was more than 16 points lower but recovered some of its losses after rises in New York and closed down 4.2 points at 2,121.3.

The FT Ordinary index ended 6.8 points lower at 1,754.3

The pound closed in London three-quarters of a pfennig higher against the D-Mark after rising more than a pfennig on Tuesday. But it fell nearly a cent against a stronger dollar.

The Bank of England's sterling trade-weighted index closed 0.3 higher at 96.4.

City of London analysts said the budget reaffirmed the Government's determination to slow economic growth and ease inflation via high interest rates.

Attention in UK financial markets is today likely to focus on average earnings figures for January published by the Department of Employment and widely expected to show an acceleration in wage pressures.

In London, the pound closed at DM3.2175 against DM3.21 at the previous close and at $1.7185 against $1.728.

Labour attack to concentrate on management of economy

By Philip Stephens, Political Editor

THE opposition Labour Party signalled yesterday that it planned to put its post-budget attack on the Government's economic management at the centre of its campaign for British local elections in May and the European elections in June.

Mr John Smith, Labour's economics spokesman, opened a three-day House of Commons debate on the budget by saying that the package indicated "how fearful and defensive" Mr Nigel Lawson, the Chancellor of the Exchequer, had become as a result of his past mistakes.

In an acerbic, although fairly low-key performance, he told MPs that Mr Lawson's misguided tax cuts for the rich in the 1988 year had left him dependent on high interest rates to attract the short-term money needed to finance the trade gap.

The Government had left itself in the "ludicrous" position of being unable to spend its massive budget surplus on essential training and investment just when Britain needed an economic miracle to allow it to compete with other industrialised countries during the 1990s.

The losers, he added, were British industry and home-owners, who had been saddled with high borrowing costs and an uncompetitive exchange rate.

Mr Smith earlier told a meeting of fellow Labour MPs that the combination over the next few months of high borrowing costs and rising inflation offered Labour a key opportunity to build on its recent strong improvement in the opinion polls.

The opposition would also vehemently attack the contrast between the Government's "meanness" in providing benefits for the poor and its decision to give away millions of pounds of taxpayers' money in tax concessions for private health insurance

In parallel, Labour will be preparing the ground for the publication in mid-May of the results of its own two-year policy reviews, which will be designed to show that it has a credible set of alternative strategies for government.

Yesterday, however, Mr Smith's attack drew a scornful reply in the Commons from Mr John Major, the Chief Secretary to the Treasury, who argued that there was no "credible alternative" to the Government's present strategy.

Labour's campaign for the local and European elections is to be launched at a national rally in Birmingham, in the Midlands, early in April.

Charles Hodgson adds: Labour yesterday moved to exploit government embarrassment over the 22 per cent average price rises announced by the private statutory water companies amid signs of growing Conservative backbench concern at the cost of the water privatisation proposals.

Mr John Cunningham, Labour's environment spokesman, said the price rises announced earlier this week signalled a "failure of government policy," since the companies had rejected the ceiling of about 10 per cent sought by ministers and imposed on water authorities.

As Labour launched a nationwide public campaign against the Water Bill, Mr Cunningham said there was confusion in the Government, with the Treasury seeking to hold down prices and the Department of the Environment presiding over price increases at three times the inflation rate.

Only one of the companies that has already announced price rises has complied with the government ceiling, while the remainder exceeded it

Mr Michael Howard, the Junior Environment Minister, who held talks with the chairmen of the 29 statutory companies in an effort to persuade them to drop their threatened 30 per cent-50 per cent increases, said some rise in water charges would be needed to meet the higher quality standards demanded from privatised industry.

Reid on performance.

KENNETH FLEET TALKS TO BOB REID, CHAIRMAN AND CHIEF EXECUTIVE, SHELL UK ABOUT TRAINING, ENTERPRISE AND PERFORMANCE.

FLEET: *Do we have some deep-seated dislike of education and training in this country?*

REID: No, I don't think so. I think if it is presented in the right way then you have no difficulty in getting the worker in Britain and the manager in Britain, in fact, to go about training themselves.

> *"When you back what you are doing with money, you will find an enormous breakthrough."*

FLEET: *Are we getting the message that, without significant change, we shall not have the skilled and adaptable workforce we patently need to compete?*

REID: What is quite clear now is that the numbers working in our organisations are much closer to what we need than they were 15 years ago. 15 years ago we were overmanned, over-supplied with manpower and manpower was a liability. Now manpower is an asset.

The change in the relationship between management and unions, which has become much more co-operative and more positive, has in fact given us a chance to do something about this. So the appetite is there, in fact, to make a major change in our training and in our educational programmes.

> *"The appetite is there to make a major change in our training programmes."*

FLEET: *That seems a pretty hopeful message. Can you flesh it out a bit for me with your experience in Shell?*

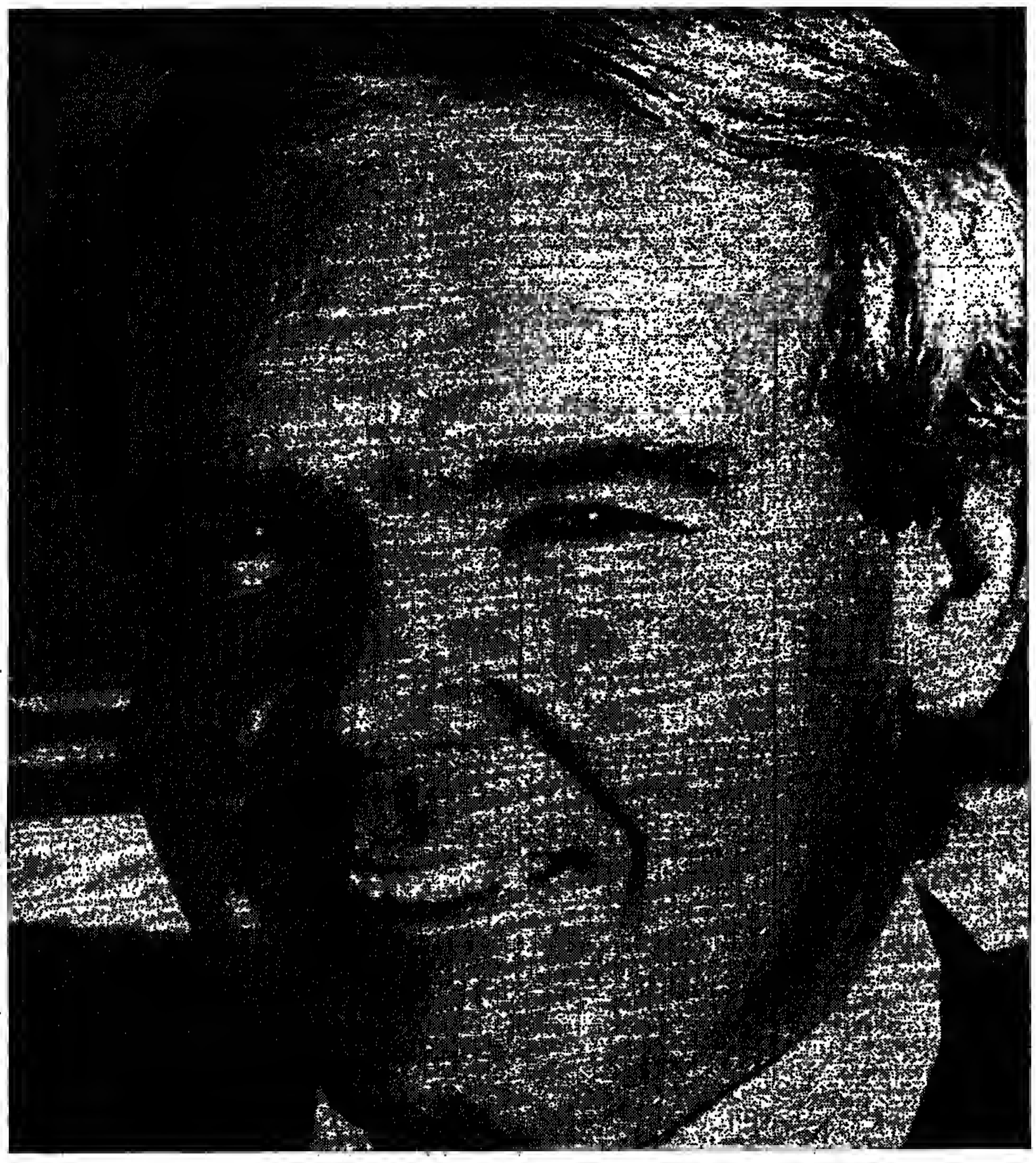
REID: Well, I had a plant in Carrington, a chemicals plant – that had 1600-1700 people in it. We reduced the workforce in consultation with the unions and the people working there went from 1700 down to about 500. We changed the character of the workforce from being single-skill into multi-skilled, again with total consent, involving an enormous amount of training. Now, instead of taking 39 hours to change a pump, we change a pump in 4 hours. So the productivity gains are enormous. The quality of that plant has never been better, its efficiency has never been better, its safety is first class. So it really is

> *"[illegible] manpower was a liability. Now manpower is an asset."*

a model for us within Shell. When you invest in training you get a much better performance not only in terms of the quality of the product but in terms of the safety process, the quality of the process and also the productivity.

And it's not just true for Shell. I visited a potential partner the other day, a company that makes lemonade and produces lemonade bottles.

The productivity gains there, the use of the manpower, the attitude towards training, the attitude towards safety were a revelation.



So I think you find now that this is something which is infectious and people are beginning to see that when you invest in training you do in fact get the return. That good management gives you better business and better management gives you better results.

> *"TECs are going to demonstrate how much people are interested in training and development throughout the country."*

FLEET: *Can you elaborate a little on your reaction to the proposals for Training and Enterprise Councils?*

REID: I think the timing is right to make a move like this. TECs are going to demonstrate to Westminster how much people are interested in training and development throughout the country as a whole. This is really a second industrial revolution. I have travelled the country quite widely with the British Institute of Management and there is a totally changed environment out there and this is the time to put something like this in

> *"When you invest in training you get a much better performance."*

place. When you back what you are doing with money, which is what this whole effort is about, I think you will find an enormous breakthrough. There is a great desire that people actually want to contribute to this. Britain's at a threshold of enormous potential because I think we have got a workforce now that is ready to go.

I am extremely excited about what the youngsters in my company can achieve. And they are better than all of us who are presently trying to run these companies.

We are getting productivity which is certainly up to, if not in excess of, what is got on the Gulf Coast of the United States and that is really very high construction productivity. This is simply because the job is well organised, the people are well motivated and they're competent. That, I think, is only the beginning of what we can achieve.

FORECASTS

A little too cautious for the City's liking

THE TREASURY believes that the British economy will enter a period of below average growth this year and next, with domestic demand bearing the brunt of the slowdown in activity.

The short-term economic forecasts in Tuesday's Budget were seen as credible by the City yesterday. However, the estimates by Mr Nigel Lawson, the Chancellor, of future tax cuts and the size of the public sector surplus were viewed as too cautious.

His outlook implies an acceptance by the Treasury that a substantial slowdown in demand is needed before inflationary pressures are cooled and the trade deficit begins to improve.

City economists said that Mr Lawson's restatement of his belief in balanced budgets and his dismissal of the repayment of the national debt as an object of policy were also well received.

The Chancellor said, in his medium-term financial strategy (MTFS), that the public sector debt repayment (PSDR) would be £14bn in 1988-89 and 1989-90. Thereafter it would decline to £10bn in 1990-91, £5bn in 1991-92 and to £3bn by 1992-93.

But this timetable for a return to budget balance met resistance, even from those who thought that the peak in the Budget surplus had been, or very shortly would be, passed.

Revenues were thought likely to remain buoyant as a lagged reaction to buoyant economic growth and continuing company profitability. In addition, some thought economic growth could be stronger than the Treasury expects.

At a news conference yesterday, Mr Lawson said he was "slightly puzzled" by reactions in the City to his fiscal projections in the MTFS. "What we have put in is genuinely our best guess," he said.

The Chancellor said that Treasury forecasters did a much more thorough job in forecasting the likely trend in tax revenues than did outsider forecasters, who say "that if the economy is growing by X per cent that means that tax revenues will be growing by Y per cent."

Mr John Shepperd, economist at Warburg Securities, said: "The numbers exaggerate the trend but I think it is moving in the direction of a shrinking PSDR. Growth will be slower and taxes will be cut by more than he suggests in the coming years."

Economists at Greenwell Montagu, the UK securities house, and Goldman Sachs, the US securities house, were more sceptical. In documents produced after the Budget both said the Chancellor had disguised revenue – and hence possibly large tax cuts and higher levels of public spending – in very cautious forecasts for revenue and economic growth.

Greenwell said the forecasts were so cautious that "it appears the authorities are unwilling to face up to or publicise potentially very large surpluses." It said it thought the surplus in 1989-90 would be about £18bn and that it would expand to £24bn in 1990-91.

Goldman Sachs agreed that this coming financial year's surplus would be about £18bn but it envisaged it falling to £14bn in 1990-91 – still well above the MTFS projections.

The Treasury expects the path to slower growth will mean consumers' spending growing by only 3.5 per cent this year – a respectable rate of growth but far below the estimated 6.5 per cent increase last year. Total domestic demand, which also includes government spending, investment and stockbuilding, is forecast to rise by 2.5 per cent in 1989.

If the Treasury is correct, the slowdown will be sufficient to cut the inflation rate from the current 7.5 per cent to about 5.5 per cent by the end of the year. The current account is not expected to improve this year from the £14.7bn deficit in 1988, but Mr Lawson is confident of progress next year.

Gross domestic product is forecast to grow by 2.5 per cent this year. That has been revised from the 3 per cent forecast in November's Autumn Statement, suggesting that a harder landing for the economy is expected.

Analysis of the Treasury's forecasts by the Ernst & Whinney Item club, which uses a copy of the Treasury's model of the economy, shows the forecasts are not overly optimistic and possibly even too cautious.

Mr Brian Pearce, Item's economic adviser, said: "The forecast is certainly far more credible than at the time of the Autumn Statement. There is not much I would argue about."

Together the forecasts are in line with the Treasury's target 1 per cent to 5 per cent growth range for M0, the narrow measure of the money supply

M0, along with the exchange rate, appears to have assumed a heightened role in policy. In the MTFS, the Treasury underlined its belief that M0 is a good co-incident indicator of consumer spending and Mr Lawson yesterday appeared to make its return to targeted levels a precondition for an easing of interest rates.

Currently, M0 is growing out of the range, but the most recent months' figures, if expressed at an annual rate, suggest a pronounced slowing.

There is, however, a thin boundary between a policy to slow the economy sufficiently to ease inflation and a policy which sends the economy into recession.

Simon Holberton and Ralph Atkins

HOW THE TREASURY'S VIEW HAS CHANGED
Percentage changes on previous year unless otherwise stated

	1988		Forecast 1989		1990, H1
	A/S#	Red Book*	A/S	Red Book	Red Book
GDP and domestic demand	6.00	6.50	3.00	2.50	1.50
Consumers' expenditure	5.50	6.50	3.50	3.50	2.00
General government consumption	.50	.50	.50	.50	1.00
Fixed investment	12.00	12.00	5.50	4.50	3.00
Exports	1.00	-1.00	5.50	4.50	7.00
Imports	12.00	12.00	4.50	4.50	3.00
GDP+	4.50	4.50	3.00	2.50	2.50
Manufacturing output	7.00	7.00	4.50	3.50	1.50
Bal. of payments current account (£bn)	-13.00	-14.50	-11.00	-14.50	-12.00*
Retail price index (Q4 on Q4)	6.25	6.50	5.00	5.50	4.50'
GDP deflator, market prices (fin. year)	6.25	7.25	5.00	5.50	
Money GDP, market prices (fin. year)	11.00	11.00	8.00	7.75	
PSDR (fin. year), £bn	10.00	14.00	-	14.00	

* at an annual rate; ' Q2 on Q2; # A/S: Autumn Statement Nov 1988; * Red Book: March 1989; + compromise measure

NATIONAL INSURANCE

The high cost of doing little

THE REFORMS to the system of National Insurance Contributions (NICs) amounted to the only large tax give-away in yesterday's Budget.

They also highlighted just how costly it is to rectify even modestly the worst of the anomalies in the present structure, at least while seeking to preserve the increasingly artificial status of National Insurance Contributions as something other than taxation.

The Budget measures will mean a loss of £2.8bn to the Exchequer in 1990-91, the first full year in which they will be in force.

According to Mr Steven Webb, of the Institute for Fiscal Studies, who published a study on NICs last October, "the Chancellor has made an improvement of 60 per cent on half the problem."

Mr Webb was referring to the cut in the rate of NICs from 5 to 2 per cent on the first slice of an employee's weekly earnings, up to £43 a week. But no similar cut has been made in employers' contributions.

As at present, the liability to NICs will be triggered only when the employee earns £43 or more. A secondary effect of the budget will be to remove two secondary thresholds. These are at £74 per week (when the rate of both employees' and employers' contributions is at present raised from 5 to 7 per cent on their entire earnings) and at £115 a week (when the rate is raised from 7 to 9 per cent).

Thus whereas an employee whose pay is raised from £42.90 to £43.00 a week now has to start paying £2.15 in NICs, from October he will only have to pay £0.86. But taking employees' and employers' contributions together the NICs triggered at the £43 threshold will be cut from £4.30 to £3.01.

(The threshold at present means, and will continue to mean to a lesser extent, that an employee is worse off when he increases his hours of work or his hourly pay so that he is pushed above the threshold. It also means that bosses are reluctant to give part time workers more hours if that triggers NICs for the employer. The distortion this has caused is shown by the current hunching of declared earnings at just below the threshold.)

The reason that the Budget change will be so costly is that it will also mean a reduction of £3.01 in the NICs paid by all employees earning more than £115 a week, of which there are more than 15m. This is because such employees will only have to pay NICs at a rate of 2 per cent instead of 9 per cent on the first slice of their earnings up to £43 a week.

The Budget marks just the latest in a series of reforms that have undermined any actuarial link between the level of contributions and the benefits contributors can expect. When National Insurance was set up in 1948, NICs were paid at a flat rate regardless of income. Then in 1960, an earnings-related element was introduced and 15 years later NICs became entirely earnings-related although subject to a maximum upper earnings limit. In 1985, Mr Lawson removed this limit on employers' but not employees' contributions.

As a result of these changes the yield from NICs has risen dramatically. In 1955 it accounted for only 25 per cent of the yield from income tax. Today it accounts for 75 per cent although the budget will reverse the trend at least temporarily.

However the Budget with its introduction of a lower rate on the first band of income continues the trend towards making NICs into a tax in all but name. The only surviving differences between NICs and income tax are as follows. Employee NICs are still subject to an upper earnings limit and therefore bear least on top income earners; no personal allowances can be offset against NICs; NICs are not imposed on investment income; and benefits in kind and pension payments are not subject to NICs.

Whether any social or economic benefits arise from such distinctions is doubtful. But, as a result of Mr Lawson's move yesterday, one fewer distinction survives.

Clive Wolman

This article appeared in some editions of the Financial Times yesterday.

SHARE OWNERSHIP PLANS

Lawson extends a hand to Esops

EMPLOYEE share ownership plans (Esops) came of age on Tuesday. The Chancellor awarded the plans political approval by giving them a helping hand.

Over the last couple of years, an energetic lobby has been pressing the Government to include Esops beneath the umbrella of wider share ownership and popular capitalism.

Ministers were suspicious because the plans appear to be collectivist, with shares held by a trust on employees' behalf. The Chancellor decided to grant companies corporation tax relief for the funds they put into an Esop, only after he had been persuaded that the plans would lead to greater individual rather than common ownership.

The corporation tax relief will remove the most important restraints on the growth of Esops. A company setting up an Esop has had to run the gauntlet of lengthy negotiations with the Inland Revenue to determine the tax status of funds provided to allow a scheme to buy shores for employees.

Mr David Reid, an Esop specialist with Clifford Chance, the law firm said: "This will remove one of the great uncertainties. It will make the plans tax efficient and companies will now be able to accurately budget the costs of an Esop."

The relaxation of material interest tests, which meaot that employees could not participate in a scheme if another employee share scheme gave workers more than 10 per cent of the company, will also help.

Although the Chancellor did not deliver a range of other changes proposed by the lobby – such as tax relief for money lent to an Esop – there was widespread confidence that the Budget had cleared the way for a big expansion of Esops.

About 13 Esops have been established over the last two years, covering 20,000 workers. The Esop Centre estimates 2m UK workers could be involved in the plans if they grow as strongly as their counterparts in the US, where 10m workers are covered. Significantly, corporation tax relief has been vital to the growth of Esops in the US.

An Esop is usually considered when a company is planning a change of ownership. Mr Reid believes management buy-outs will increasingly include an employee share ownership plan: "Senior managers do not have any excuses to avoid it now."

The other main areas for growth are likely to come from privatisation, especially of regional bus companies, and through owners choosing an Esop to dispose of a private company to their employees.

However, Mr Mike Marsden, Esop director at Unity Trust bank, hopes companies will also start to use the plans as a normal way to raise capital for funding growth.

The Esop changes will mainly expand employee ownership in unquoted companies, although employee ownership in quoted companies should also expand. Companies will be able to offer employees shares at 80 per cent of market value, rather than 90 per cent, and the upper limit on profit sharing schemes was raised to £6,000.

Profit related pay is also likely to spread with the abolition of the rule which meant companies had to pay out 5 per cent of pay, regardless of profits, to claim tax relief. Mr Esmond Lindop, a pay specialist at the CBI, expects profit related pay to spread.

The decision to allow head office and research and development staff to be covered by a tax-approved scheme, even though it is difficult to produce a profit and loss account for their activities, should also give PRP a boost, especially in large, multinationals.

Taken together, the changes should help the Government to embed two of the key changes in economic culture it has set out to achieve: wider individual share ownership and the reform of industrial relations through encouraging a more individualised, performance-related approach to pay and rewards.

Charles Leadbeater

Non-banks currency swaps win

THE CHANCELLOR has proposed changes in the taxation of interest rate and currency swaps that are intended to make it easier for non-banks to compete in offering these services.

Among the key aspects of the proposed changes would be a rule – to become effective immediately – which would allow securities houses and other non-bank institutions to take advantage of tax relief already available to banks. Non-bank firms had complained about present practice which only exempts banks from the requirement that taxes be withheld by the payer of swap fees.

Tax experts believe that the new ruling does little more than codify what has increasingly become Inland Revenue and market practice over the past year. Miss Emma Lubbock, tax partner in the capital markets group at accountancy firm Price Waterhouse, said that UK tax authorities have lately been recognising the inequities stemming from a ruling on the tax treatment of swaps in the late 1970s.

At that time, before securities houses became active traders in swaps, the Revenue decided that only transactions conducted with institutions it regarded as banks could be exempted from the requirement to deduct tax at source.

The new rules will extend the favourable tax treatment to those defined as trading companies when the transaction is associated with a particular trading activity.

The Chancellor has ordered a consultative document from the Inland Revenue which sets out the proposed tax changes, some of will eventually require statutory amendments. Rules outlined by Mr Nigel Lawson will allow any firm approved under the Financial Services Act by either the Bank of England or the Securities Association to claim the same privilege as banks.

In addition, the rules propose ending the distinction between "annual" and "short" interest – drawing the line between fees paid on swaps of more than one year or less than one year.

Norma Cohen

FOREIGN EXCHANGE

Document highlights problem of taxation 'black holes'

AN INLAND Revenue consultative paper issued on Budget day has brought to a head the debate over a highly complex subject which has bedevilled effective planning by international groups of companies for years.

Companies that borrow in a foreign currency make a sterling loss or gain when the loan is repaid, depending on whether sterling has strengthened or weakened. These gains are not taxed (and losses are not relieved) – they fall into a category known as "nothings", the tax equivalent of a black hole.

However, the asset which the loan has been raised to finance is not protected in this way. Currency gains on these assets are taxed in the year they arise, while losses are allowable.

Thus, although the arrangement is economically neutral from the company's point of view, a "profit" or "loss" has been made for tax purposes.

This basic asymmetry makes business planning difficult. It undermines sound hedging techniques and has cost the UK's financial services markets business: to get around the difficulties, companies have opted to raise money through a subsidiary based in, say, the Netherlands, keeping any exchange gain or loss out of the UK.

An important test case, *Pattison v Marine Midland*, settled this position to a certain extent. It relieves the tax position for perfectly matched hedging – in other words, matching transactions undertaken by the same company in the same currency. But this is little use in practice to corporate treasurers, who deal with complex multi-currency arrangements involving groups of companies.

The current position also *creates the opportunity* for alert treasurers to conjure up tax losses out of nowhere – something which cannot be far from the Treasury's mind.

One way of doing this, known in the US as "whipsawing", was highlighted in an Institute for Fiscal Studies report on the issue in 1985. By borrowing a currency which is expected to weaken, a company can plan to make a profit which is free from tax. In the meantime, full income tax relief is claimed for the interest cost of the borrowing.

Another technique involves a company with income in a strong currency lending the currency to a third party. When the loan is repaid, the profit in sterling terms is not taxable.

Even without the attentions of the wily treasurer, the current system exposes the Exchequer to loss. In its consultative document yesterday, the Revenue estimated that UK businesses have about £70bn in currency borrowings (this does not include some £480bn of debt incurred by financial institutions where matching is allowed under a Revenue statement of practice issued in 1987).

Of this £70bn, about £30bn is used to finance capital investment and is therefore subject to the regime currently under review. At this level, an appreciation of just 1 per cent in sterling against all other currencies would cost the Exchequer £50m-£100m in tax.

On the other hand, a 1 per cent depreciation would bring a *windfall* increase in tax revenues.

In the light of these concerns, the Revenue's consultative paper was widely welcomed yesterday. However, few believe that the step from here to a more equitable tax regime will be an easy one to achieve.

The Revenue sets out two possible approaches to reform – and then proceeds to destroy one of them from the outset. This first option is for fundamental reform, which would solve the distortions in the tax system which create the problems.

Although it has obvious attractions, this would involve a huge upheaval in the tax system, including for instance the abolition of a fundamental distinction in tax law: that between capital and revenue items.

"They would have to change the taxation of trading and investment companies," says Ms Emma Lubbock, a tax expert at Price Waterhouse who had hoped for "something radical" but now appears to accept that the problems in the way would be extensive.

Another problem with fundamental reform, says the Revenue, is that the Government would have to impose artificial and severe anti-avoidance rules to prevent tax losses.

Attention is therefore focusing on the second possibility: a series of less significant changes designed to patch up but not replace the existing system. These focus on three areas:

- Currency borrowings. As mentioned above, these present *the greatest difficulties;*
- The ability of companies to produce tax returns in currencies other than sterling. This is of particular interest to companies in certain industries, such as oil, which carry out most of their transactions in another currency and so find it distorting *to have to pay tax on* a sterling-based version of their figures;
- The issue of share capital in currencies other than sterling. Since Scandinavian Bank's pioneering multi-currency share capital issue three years ago, many institutions have cast *their eyes over this idea.*

The Revenue suggests tentative answers to these issues, but leaves it up to taxpayers to make their own suggestions by September 30.

It is, as Mr Roger White, a tax expert at Peat Marwick McLintock, said yesterday, "a wonderful opportunity" to push for change in a highly complex area. If taxpayers fail to respond in a concerted way, then a rare opportunity to bring some order to this difficult and vexatious area could be lost.

Richard Waters

CURRENCY BORROWINGS BY UK BUSINESSES

Borrower	Source	Amount
Industrial and commercial companies	Banks	£23bn
Financial institutions	Banks	£28bn
Financial institutions	Abroad	£17bn
Total		£70bn

Source: Inland Revenue

EARNINGS RULE

Barriers against part-timers eased

THE NEED to draw more people into the workforce over the next decade is one motive for the changes in national insurance contributions and abolition of the earnings rule for state pensions.

The measures announced in the Budget weaken two barriers to work which affect part-time workers and older people. In particular they will be helpful to employers in service industries which want to attract older workers and encourage part-timers to work longer.

The abolition of the earnings rule, under which pensioners continuing to work had state pensions reduced or stopped, is a significant step towards reducing the disincentives for people over 60 to carry on working.

The past 25 years have seen a gradual decline in the number of older men in the workforce, partly because of labour surpluses which have led to employers shedding older workers, and partly because of changing attitudes.

With the advent of widespread labour shortages in the south-east, and the prospect of these spreading across the country, retail employers have already started to experiment with recruiting retired people.

However, there have been *criticisms* that the social security payment structure and the earnings rule have together acted as a barrier to those considering carrying on working part-time after retirement.

Various schemes to improve the motivation to work on after initial retirement have been proposed. Action, the lobby group for the long-term unemployed, has suggested that allowances should be paid to over-60s re-starting part-time work.

Abolition of the rule will probably affect the number of part-time workers most heavily. Of men aged between 16 and 49 working in 1987, 97 per cent were in full-time employment. For those over 65, the figure dropped to 33 per cent.

Part-timers are also the group affected most by reductions in employees' national insurance contributions for those earning between £43 and £325 a week. The changes continue the reform started in 1985 aimed at reducing work barriers.

The changes, under which the "steps" in contributions at £74 and £115 a week will disappear, go some way to easing the problem faced by many employers of part-timers in persuading workers who will lose money by doing so to pass a step.

There will now be a contribution rate of 2 per cent on pay up to the lower earnings limit of £43 a week, and a second contribution rate of 9 per cent between £43 and the upper earnings limit of £325.

Hotel and catering employers have been particularly worried by the steps, which have been a disincentive to part-timers to work beyond a set number of hours each week. This has created problems in making rosters *flexible*.

Mr Frank Bird, personnel adviser to the British Hotels, *Restaurants* and Caterers Association, welcomed both the abolition of the earnings rule and the easing of national insurance contributions as helpful to employment.

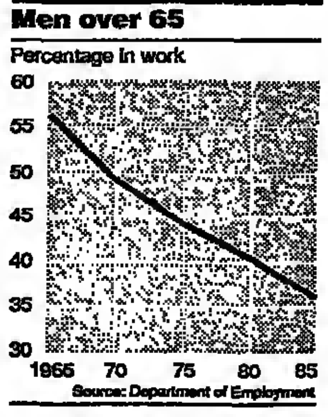
The reform, however, does not go as far as suggested by Sir Trevor Holdsworth, president of the Confederation of British Industry, who called two weeks ago for contributions to be paid only on the amount earned above £43 a week.

The national insurance changes were also welcomed yesterday by the Low Pay Unit lobby group. But it estimated that 150,000 more workers would be drawn into paying tax because personal tax allowances were being raised by only 6.8 per cent.

The unit said the barrier to contributory benefits at £43 a week would remain, leading to the continued "bunching" of workers at just below the lower earnings limit. About 3.3m workers, mostly women, earn less than this limit.

John Gapper

Men over 65



Source: Department of Employment

PENSIONS

New arrangements might make headhunting more difficult

CHANGES to the taxation of pensions announced by the Chancellor could make it difficult for companies to attract talented and highly paid senior managers, according to some executive search consultants and employers.

The view is not a unanimous one. Others believe that able managers will always be willing to move and that companies which want to attract senior executives will be prepared to compensate them for any losses they might suffer as a result of the Budget changes.

Mr Lawson said yesterday that companies will be able to pay employees whatever pension they wish but tax relief will only be granted for pensions based on salaries of up to £60,000. This means that the maximum pension payable from a tax-approved occupational pension scheme will be £40,000 a year. Additional benefits can be paid from a separate top-up scheme, but these will not be tax exempt.

The limit does not apply to people already in company pension schemes. It does, however, apply to new schemes. From June 1 the limit will also apply to employees changing jobs and joining existing company schemes.

The result, according to Mr Rex Peacock, group pensions manager of the TSB Group, is that "staying put would obviously be very desirable for people in the higher reach of the executive hierarchy."

This would be good news for companies seeking to retain their senior personnel, but not for those looking for an infusion of fresh blood. It would also be bad news for the headhunters, who make their living by persuading senior managers that it is time for a change.

Mr Kit Power, chairman of headhunters Spencer Stuart, said: "This could be a very serious impediment to the relocation of top people. It will make it very much more difficult to attract senior managers. A £60,000 salary is reasonably commonplace now at middle and senior levels. I don't quite understand what was in the Chancellor's mind when he did this."

Mrs Anna Mann, of headhunters Whitehead Mann says, however, that the pension changes are "not going to stop significant movement of senior managers in British industry. It is going to cause a few more headaches. But I think that of the criteria that people use in changing jobs, pensions come pretty low. And if someone's fiddling around watching his pension that's not the sort of person we'd be looking for."

There is, under the new rules, nothing to stop employers from offering new executives pensions equivalent to or better than those provided by their previous employers. They would be able to do so by using the non-exempt top-up scheme.

Mr Esmond Lindop, deputy director of employment affairs at the Confederation of British Industry, said employers might find the top-up schemes an expensive proposition. Mr Peacock of the TSB agreed that companies might think hard before spending the extra money to attract people. "But, at the end of the day, there is a skill shortage that will have to be overcome," he said.

Mr Barry Curnow, president-elect of the Institute of Personnel Management and chairman of MSL Group International, an executive search consultancy, said although companies might encounter initial resistance in trying to recruit people into the new pension rules, it would not be an impossible task. Managers earning more than £60,000 were less dependent on their pensions than those earning lower salaries.

Higher paid managers "have got share options, they've got equity in their houses, which they realise when their children leave. Occupational pensions are much more important as a proportion of the total retirement package for someone earning less than £60,000 than for someone earning more."

There was a cautious welcome from employers and the CBI for another of Mr Lawson's changes: allowing companies to offer employees with 20 years service their maximum two-thirds final salary pension on retirement at the age of 50. Mr Paul Russell of Arthur Andersen, the accountants and management consultants, said the change would make it considerably easier for employers to offer older employees an attractive package if they wanted them to retire earlier.

Mr Lindop of the CBI agreed that increasing employers' flexibility in this way was welcome. But he said that the current concern about skill shortages and the drop in the number of young people might result in a larger number of companies trying to persuade their senior managers to stay on, rather than take early retirement.

Michael Skapinker

Marketing to ethnic groups

Different perceptions that require different perspectives

Joel Kibazo argues that a sizeable minority is being neglected

British television viewers who missed the recent Channel 4 Indian film season screened on successive Sunday afternoons missed out on more than the films.

The season also signalled the opening shots in a war between rival sellers of rice, the designated battleground for which was the commercial breaks in the films.

The distributors of Tilda Rice made no bones about their target. Their commercial was in Hindi, the language spoken by many British Asians born in the Indian sub-continent.

The commercial for the rival VeeTee brand was in English, perhaps intended to capture the larger proportion of the Asian community which was born in Britain and who may not be fluent Hindi speakers.

These two commercials provide evidence of the way some businesses at least are now aiming their advertising specifically at one or other of the two major ethnic minority groups in Britain – Asian and black people.

The Black British Consumer Markets survey* published last year estimated that the 2.3m black and Asian Britons spend nearly £5bn a year on consumer goods.

But are black and Asian consumers different from other consumers and is a different marketing approach necessary? Brian Sullivan, assistant director of the Polytechnic of North London, an economist who has done research on the subject, says they are. "Black and Asian consumers come from a *different cultural* background. And because of this cultural difference they get different signals about products."

Sullivan says that although products may be equally popular with all groups, the different perceptions of black and Asian consumers require specific marketing approaches.

Ron Miller, sales director at London Weekend Television who is responsible for selling advertising space on Channel 4, estimates that the audience for the Sunday films was about 200,000; he admits that the revenue from the rice commercials was "very small indeed." But, he says, "the advantage of these slots is that the advertiser eliminates wastage and goes directly to a very specific audience."

Miller adds that demand for the slots has grown over the past three years – which indicates that advertisers have achieved beneficial results from the commercials.

Spillers Milling, the flour maker, was among the first British companies to aim advertising specifically at the Asian community. The story goes that the company was asked by newly arrived Asians in the 1950s to produce a flour for making chapati as existing makes were not successful. The result was the Elephant brand – which remains the market leader.

Five chapati flour varieties are now marketed under the Elephant brand and Spillers controls 45 per cent of the market, earning between £12m and £15m a year.

Spillers claims it has maintained its leadership because of its aggressive marketing campaign in Asian newspapers, radio programmes and television commercials.

So far, however, major consumer products companies have been reluctant to increase their advertising budgets to aim at black and Asian consumers.

Tony Wade, managing director of Dyke and Dryden, which makes and sells cosmetics and hair products for black consumers, says: "The major retail chains which we have been trying to deal with for years have dismissed this market segment. They don't appreciate how large it is."

Mercedes Benz cars have a strong appeal among successful members of the Asian community. A J Patel, chief executive of the Finlays newsagents chain, and a Mercedes owner, says: "In the Asian community, Mercedes Benz has far more status than, say, a Jaguar. A successful Asian would always go for a Mercedes."

Daimler-Benz, however, says it sees no need to advertise in Asian journals, or use Asian people in its advertisements. "We are confident that the market we want to reach is through the outlets we use now. Within those outlets there are bound to be readers who are Asians, Afro-Caribbean, or from other ethnic groups."

Ford Motor, on the other hand, placed its first car advertisment in The Voice, the black British weekly newspaper, at Christmas. But the company refused to discuss its marketing strategy, or give reasons for its decision.

Boots, the retail chemist, sells two cosmetic brands used mainly by black women in 12 of its 1,000 stores around the country. But the company says it has no plans to aim its marketing directly at black consumers in those areas, or indeed for any of its other products.

Unilever, the Anglo-Dutch consumer products group, also sees no need for specific targeting of black and Asian consumers. Brooke Bond, its foods subsidiary, says: "In the high volume markets there is still not a sufficient level of take-up among black consumers to warrant products aimed specifically at ethnic minorities."

In the US, where black people constitute an estimated 16 per cent of the population, Cheseborough Pond's, the Unilever cosmetics and toiletries subsidiary, has long made different advertisements aimed at ethnic groups.

"We have done extensive research and have found that the needs, demographics and perceptions of white consumers are completely different from those of black consumers," Eileen Sharkey, director of communications, says.

"Vaseline petroleum jelly is one of our biggest sellers. Black consumers tend to use it for their hair, while in the white market the same product is mainly used on babies."

Commercials for VeeTee rice were broadcast during Channel 4's Indian film season

To reflect this, Cheseborough Pond's has adopted a twin advertising strategy. "What we have is two advertising campaigns. Both have the same basic execution, the same script and the same background atmosphere, but the one addressing the Anglo consumer has white models while the one for the blacks has black models."

In addition, Cheseborough Pond's also aims campaigns at the Hispanic community, using Hispanic models with television commercials and posters in Spanish.

Sharkey says: "Despite most Hispanic people now being bilingual, they tend to buy in Hispanic distribution outlets and watch their own television channels broadcasting in Spanish."

Red Stripe, the premium lager which now sells well in a niche market in the UK, originated in Jamaica and was initially sold only in outlets popular with black consumers.

Young white drinkers then imitated the habits of what they saw as the more "streetwise" black lager drinker. And H P Bulmer, the British cider maker which markets Red Stripe, began advertising in both the black and the main stream national press.

But it does not use black faces in the advertisments. Bulmer says there is no policy objection to using black people in its advertising but "there is a danger of the mainstream market thinking this is only a product for black people."

Allied Dunbar, the financial services group, has also successfully moved into one of Britain's other minority ethnic markets, by employing a Chinese woman married to a Scot to sell pensions, life assurance, and unit trusts to the British Chinese community.

Agatha Fraser says: "The fact that I speak the language and know the culture is an advantage."

Etom Phillip-Eteng, who compiled the Black British Consumer Market survey, sounds a note of caution for those who ignore ethnic minority markets.

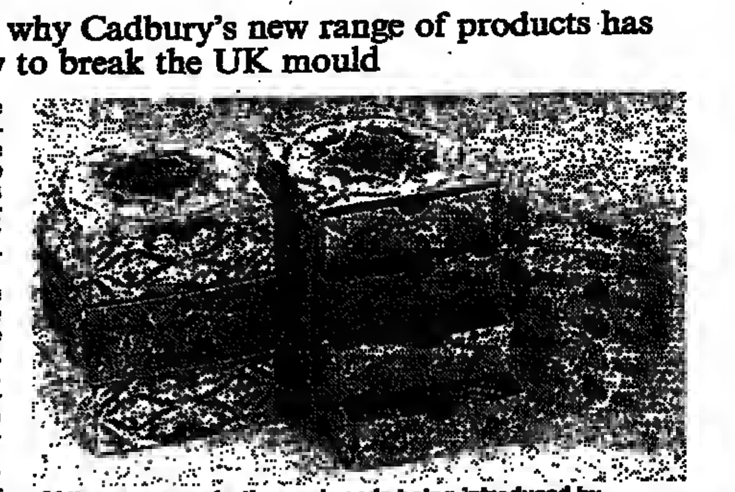
"Quite a number of the big French consumer companies already advertise in the ethnic press in France. They are gaining experience about how to communicate with ethnic minorities. For many this is a test run for 1992. Those who have the experience will succeed in selling their products to black communities in France, Britain, the Netherlands and other countries with ethnic minorities."

* *Published by The Planner's Guide, Nu Vox House, 370 Coldharbour Lane, London SW9 8PL. £10.*

Chocolates

Volume and variety is the preferred menu

Lisa Wood explains why Cadbury's new range of products has not set out radically to break the UK mould



Of three new confectionery brands being introduced by Cadbury Schweppes later in the year, Inspirations, with its fruit-flavoured chocolates contained in a box with drawers, is expected to appeal more particularly to some women

Tribute, a chocolate assortment box specifically designed to have man-appeal, is one of three new confectionery brands which will be launched later this year by Cadbury Schweppes, the UK confectionery and soft drinks group.

"We believed there were new areas of the chocolate assortment market to be exploited," says Stephen Ward, Cadbury's marketing director, whose new product department took more than two years to develop the chocolates.

Cadbury brands currently command about one third of the UK assortments market - static at an estimated £300m - with brands including Cadbury's Milk Tray, Roses and Biarritz. The other two new brands are called Inspirations and Heritage.

Ward cites a somewhat lofty ideal for developing the brand; the company was, he says, seeking to satisfy consumers who increasingly want to experiment and make more "individual statements" when they give a box of chocolates to a friend, lover, business associate or relation.

Assessment panel

Risk-taking in the chocolate confectionery market nevertheless has to be put into the context of the British consumer says Sue Swalwell, research director of Craton Lodge & Knight, the new product development group which worked with Cadbury on the new lines.

Swalwell says: "The British like volume and variety whereas continental Europeans tend to savour their chocolates more and there is less variety."

A fairly typical English chocolate assortment eater, she says, was the woman on one of her assessment panels who, when ironing, had one hand on the iron and the other immersed in the box of Cadbury's Milk Tray.

Nevertheless, the British are taking more interest in Continental chocolates which, with their greater cocoa content and nuttier flavours, are starting to make inroads into the £3.23bn UK confectionery market.

Cadbury took a close look at this competition and a couple of the new chocolates in the three assortment boxes, including Cadbury's first white chocolate, bear witness to this. Plant for the latter product is currently under construction at Bournville where more than £8m is being invested in facilities for the new lines.

White chocolate is most conspicuous in Tribute, a nutty assortment in a formal blue and grey box which is intended primarily for men. Cadbury says that research clearly shows that men enjoy eating chocolates but can feel silly if given an assortment decorated with flowers and ribbons. Cadbury claims that its stylish pack, designed to open like a wallet, will take away some of those inhibitions. It claims the rest will be dissolved by the name which implies some flattery of the male ego.

Inspirations, with its 12 flavours on a fruity theme, is a more feminine offering and a classier gift than a box of Milk Tray. The major attraction lies in the box. A door at the front opens to reveal four pull-out drawers each containing six chocolates. More intricate than most of the containers for its competitors' offerings, the box is designed to imply that the donor has been given something that is a bit special.

Heritage is the grandest box. The name and the chocolates are designed to convey the very best of "English" chocolate making and are designed to compete with Continental brands which have made significant headway in the premium sector of the market. Heritage's hand-finished milk and plain covered chocolates are presented in a regal blue box trimmed with gold foil and decorated with red ribbon.

Small volume product

Heritage, unlike Tribute and Inspirations, will not be advertised; Cadbury sees the brand more as a prestigious but small volume product for the division.

The production lines will not begin to roll until September; the new brands will be in shops for the *Christmas* trade. Cadbury's corporate mind has been concentrated over the past two years by the 18.1 per cent stake held in it by General Cinema, the US group; it says it is more than optimistic about the chances of success for the new range.

Sharing ideas on neutral territory

Della Bradshaw reports on a UK research project which sets out a blueprint for collaboration

Research is an expensive business and many organisations – from computer companies to car manufacturers – are collaborating in order to share costs.

The leaders of one research project in the UK believe that they have worked out a blueprint for collaborative work which retains the economies while avoiding the main pitfalls.

The £3.6m project at the Royal Signals Research Establishment (RSRE), the Ministry of Defence research centre in Malvern, solves two of the problems that can bedevil joint research efforts.

First, it avoids the wrangling of participants, which are usually rival producers, by tackling an idea at a pre-competitive stage, when so little research has been done that no one can tell for sure that it will become a commercial proposition. In this case it is an advanced form of computer research, pattern recognition and neural networks, which try to make computers behave like humans.

Professor William Gosling, director of technology at Plessey, the UK electronics company which is participating in the project, says: "At the beginning of a research project on something which is completely new, you just want to know where to go. This kind of research is a sort of think-tank which throws out good ideas."

The second and more unusual element of the project is that the researchers work together on one site, cutting out the management time and effort needed to co-ordinate research in several locations.

Two and a half years into the RSRE venture, David Bounds, deputy director of the project, extols co-location as "the one big advantage" of the scheme. "Co-location means the researchers talk to each other in their coffee breaks, bounce ideas off each other. It develops their expertise."

The RSRE laboratories were chosen as the research centre because of their relative neutrality compared with the sites of the eight participating companies – Barr and Stroud, British Aerospace, British Telecom, MEL (part of Philips), Plessey, Smiths Industries, STC Technology (STL) and Thorn EMI.

The participants believe that this sort of collaboration on one site is particularly relevant to two types of project. The first requires a "critical mass" of brain power to get it off the ground. The pattern recognition programme is an example: "We couldn't possibly have done the research at that level on our own," says Peter Selway, director of optoelectronics at STL.

The second example is the project which needs a high level of investment in equipment, which individual companies could not afford.

Co-located research *is a relatively* new way of working in Europe, although it is common in Japan. The UK Government is sponsoring four such research initiatives, two at RSRE plus two semiconductor programmes at the Rutherford Appleton laboratories and Edinburgh University. One purely commercial venture which takes the same approach is the European Computer Research Centre (ECRC), a company registered in Munich.

Set up in 1984, the centre is funded to the tune of DM15m (£4.7m) a year by three computer manufacturers: Bull of France, ICL of the UK and Siemens of West Germany. Its 50 staff are working on artificial intelligence which, like neural networks, aims to make computer systems emulate human thought.

Hervé Gallaire, managing director of ECRC, cites better management control as one of the major advantages of co-located research. "It allows you to be more directive. With new projects you get a lot of ideas, and a lot of choices have to be made about which direction to move in. It is more difficult to make those choices if the companies are located separately."

Because ECRC is registered as a company, it has also overcome another problem of pre-competitive research: how to *sort out which company owns* the intellectual property rights. In the case of Gallaire's company, the ECRC owns all the rights, but the three companies get *royalty-free licences* to use the results of the research. Where the companies have used software developed by ECRC, they have tailored it to their own products, says Gallaire, so avoiding direct competition.

The RSRE hopes to circumvent any problems over intellectual property rights by giving the eight participants free access to the technology for two years after the completion date.

Companies are already using ideas developed at Malvern. Ken Helps, research manager for aerospace and defence at Smiths Industries, for example, says his company is using concepts from the RSRE project to enhance research into automatic speech recognition and aircraft engine monitoring.

Centralised research does have its own problems, notably staff recruitment. Because of the shortage of highly trained computer staff, the ECRC has only recently filled its staff quota of 50, with only one third of the employees coming from the three sponsoring companies.

With the RSRE project Bounds foresaw difficulties because staff from the eight companies would not want to be relocated.

Although the companies had to recruit specifically for the Malvern project, Bounds is satisfied that the new staff have developed company loyalty, and that this has facilitated the feeding of research results to the parent organisations. The researchers return to their companies at least once a month.

Gallaire says the geographical separation of ICL in the UK and Bull in France from the research centre in Munich has caused no serious problems. "It's all to do with communications. ICL, for example, has taken advantage of all the work we've done here, and we have contacts with both the research and development and marketing centres within the company. It's a question of determination. They have been determined to make it work."

In the end the main advantage of collaborative research will always be money. "This kind of research is incredibly cost effective for companies," says Bounds. "Bell Labs or IBM could put 10 people on a project like ours, *but it's laughable* to think a UK company would do it. They'd just put one man on the job, working on his own. With this project *they get the output of 10 people* for the cost of one."

The human-like qualities of neural networks

SINCE THE earliest days of computing, technologists have dreamt of systems which could think for themselves. Neural networks – so called because they imitate the brain's network of neurons, the cells that transmit and store messages from the nervous system – are an important part of the quest for computers which behave like humans.

Neural networks learn as humans do, by example rather than by rules, says David Bounds, of the RSRE. "Think of children learning colours. They don't learn that red is red because it absorbs light of a certain wavelength. They learn by being shown a number of red objects."

So to develop a medical diagnostic system based on neural network techniques, the computer would be fed the symptoms and correct diagnoses of past cases. The system learns which symptoms are associated with which ailments. It does this by strengthening or weakening the signals sent between its cells, so reinforcing a particular pattern.

A number of neural-based software packages are already available, particularly in the US for financial services. Science Application International, of San Diego, has developed software which helps to detect explosives in luggage as the cases pass through scanning equipment at airports.

Council cuts its paperwork

A UK local authority has ordered an image handling system that uses optical storage from Philips of the Netherlands. Brentwood District Council is the first UK authority to choose such a system. It will use it to combat paperwork resulting from the new community charge and uniform business rate.

Roger Olding, the council's director of finance, says that of the 72,000 population, 57,000 will have to be billed under the new arrangements, double the number of existing ratepayers. In the first year of the community charge, some 300,000 documents will have to be stored in a way that makes them easy to retrieve, so that questions can be answered.

Using the Philips Megadoc, documents will scanned and recorded digitally on optical disks. When needed, they can be read off from the disc in a few seconds and displayed on a workstation screen.

Such systems are particularly valuable when dealing with external inquiries over the telephone. They allow simultaneous access by a number of clerks to a facsimile of the original document.

The installation will have three optical disk drives, two scanners and 40 high resolution displays. Staff increases in the rating department will be kept to 75 per cent, instead of the *150 per cent that would have* been been needed under the old system.

Keeping the public posted

IN WALES, computer terminals installed in sub-post offices are providing members of the public with easier access to information about rates, rents and housing benefits.

Supplied by Unysis, the US computer group, the terminals are linked to one of the company's A6 mainframe computers at *Montgomeryshire District* Council's offices in Welshpool. Inquirers give name and account number to an official, who keys in *these details* and gets a print-out for the customer to take away. Later members of the public will be able to use the service to arrange appointments with council officers.

Magnetic method of cooling

THE first commercial uses of magnetic refrigeration will appear before 1990, according to Technical Insights, the New Jersey technology market research group. It believes that because the method can be up to 40 times more efficient and 25 per cent less expensive than conventional gas-cycle refrigeration, new industries will be created and existing ones fundamentally altered.

The basic physics has been known for many years and is based on the magneto-caloric effect, in which some materials when subjected to changing magnetic fields can produce temperature gradients. Technical Insights says that a big research effort at MIT (Massachusetts Institute of Technology) and Hughes Aircraft means that rapid progress in the field is a virtual certainty.

Among the prospects that would arise from successfully developed magneto-caloric refrigeration are low-cost liquid hydrogen production, revamped production processes and new breeds of air conditioners and refrigerators.

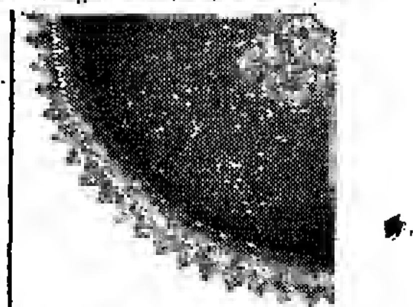
Technical Insights is offering a $990 report called Magnetic Refrigeration: *Shattering the Limits of* Conventional Efficiency.

Better scrutiny of baggage

INDEPTH Systems, of Nottingham in the UK, has introduced an image enhancement and analysis system, which uses a microcomputer to process the data generated by baggage screening systems at airports and similar places.

Interpretation of the images normally produced by these X-ray machines is difficult, even for the most experienced operators, says the company. Most of today's machines will detect 256 levels of grey, yet the average observer cannot tell the difference between many of the levels.

A notorious problem is that there can be several shades near to black, but they all seem uniformly black to the operator. The company's IDS 400 unit will "stretch" the near-black levels electronically and then allocate a colour to each. Thus, a metal weapon inside a metal box might become visible.



WORTH WATCHING

Edited by Geoffrey Charlish

There are 10 enhancement programs available to the operator, who can decide which one will give the best results. For example, the white end of the grey scale, produced by substances like Semtex which are transparent to X-rays, could be similarly processed.

Building up a big screen

COMVIEW International, a Swedish company, has developed a big screen video display system for round-the-clock outdoor viewing. Aimed at advertising and sports promotion companies, it is claimed to have much better picture definition than existing big screen systems.

The display can be built up to virtually any size by assembling rectangular modules. It can be directly connected to any video system or to a personal computer which is able to generate graphics.

The 40 cm by 40 cm modules are composed of 4,000 red and green light emitting diodes, which are cheap to run and have a long life. *No blue component is* available, says Comview, because the electronics industry cannot yet supply a blue diode of sufficient brightness at an acceptable price. But the modules are ready to take blue diodes as soon as they are developed.

Dealers outside Sweden are being sought to help introduce the display system in shopping centres, airports, sports arenas and similar public places.

CONTACTS: Philips Business Systems: UK, 0206 575115. Unysis: UK office, London, 965 0511. Technical Insights: US, (201) 568 4744. InDepth Systems: UK, 0602 430828. Comview International: Sweden, 760 81155.

CINEMA

Barren trip through the cosmos

THE ADVENTURES OF BARON MUNCHAUSEN
Terry Gilliam

THE THIN BLUE LINE
Errol Morris

TWINS
Ivan Reitman

NIGHT ZOO
Jean-Claude Lauzon

Watching Terry Gilliam's *The Adventures Of Baron Munchausen* is like being savaged by a shaggy dog. Thrice filmed before, Rudolf Raspe's picaresque tales of the eccentric Baron – who specialised in trips through time, space and 18th century history – benefit from a screen treatment as purposeful and piquant as the material is long, loose and lolloping.

It received that treatment in Germany's picture-pretty 1943 classic starring Hans Albers. Albers, who resembled a bewildered stockbroker adrift in Wonderland, was the perfect hero in a story which yoyos its characters out from the framing realism of Prussian-Turkish battle scenes into fantasy trips as naively gorgeous as any since Melies. In the 1943 film we believed in this bemused Everyman adrift in a cosmic Everywhere: and we thrilled to the play-off between the Age of Reason and the rampagings of fantasy.

But what do we get from Mr Gilliam? Two hours of narrative diarrhea: a film in which storytelling's primal question "What next?" is replaced by "Whatever next?", "What's this then?" "Where are we going now?" or "Oh God no, not another trip to the Moon/Mount Etna/centre of the Earth."

Ex-Python Gilliam, late of *Brazil*, creates amazing images with no concept of how to turn them into an amazing or compelling story. The shopping list of *Baron Munchausen's* strange creatures and special effects seems irresistible. How could one *not* fall for a film featuring a giant three-headed gryphon, a flying horse, a sea monster who swallows whole galleons, a ride on a flying cannonball, myriad battles and Robin Williams motor-mouthing away as an Italian "man in the moon" ("Re de tutto, but you may call me Ray").

How could one not fall for such a film? By not having any interest in the characters. Nor any understanding most of the time of why they are going where they are going when they are going. Carving up the cosmos, Gilliam's characters resemble less the costumed cream of the Age of Reason than a bus-load of ageing football hooligans re-routed into the fourth dimension.

John Neville's hook-nosed Munchausen hams away gallantly inside furbelows of false wrinkles. But Neville has never made magic on the screen, and his performance here has all the charisma of a newspaper vendor trying to sell to the deaf. Around him, Gilliam fills up the multi-million-dollar spaces with old mates (Eric Idle, Jonathan Pryce) or loopy exotics (Valentina Cortese, Oliver Reed). And when all else fails, there is the knee-slapping dialogue. ("I'm Baron Munchausen." "That sounds nasty, is it contagious?"). All in all, a barren *Munchausen* and a 50-million-dollar coda to David Puttnam's Columbia career that he and we may prefer to forget.

★

There is no forgetting Errol Morris's *The Thin Blue Line*. Not having the budget to fly to the Moon, this unique American film-maker – whose previous documentaries were about a pet cemetery (*Gates Of Heaven*) and a dotty hunting community (*Vernon, Florida*) – has assembled 107 minutes of talking heads and shots of cars parked at night.

Is that all? Ah but wait. The heads are talking about murder and miscarried justice, and the parked-car scenes reconstruct the killing of a Dallas policeman on a November night in 1976. Randall Adams has languished 12 years in death row for the crime. But it was committed, claims Morris, by a casual acquaintance of Adams, who pumped five bullets into the innocent patrolman from a parked car and then "framed" his pal.

A documentary about rough justice has collided with a *film noir* thriller and the result is stunning. Ten years ago director Werner Herzog ate his shoe in public in tribute to Morris's talent (a long story which we will tell another day.) *The Thin Blue Line* is wonderful confirmation of that talent. Rounding up the key parties – Adams, David Harris the framer and probable murderer, and a rogues gallery of attorneys, experts and weird witnesses – Morris has them talk them straight to camera one by one. Meanwhile dramatised "flashbacks" to the killing recreate the witnesses' wildly inconsistent remembrances.

This is a Raymond Chandler thriller laced with 70-proof reality and the mind-bending throb of Philip Glass music. Morris turns his interviewees into larger-than-life screen icons: each is a cluster of mannerisms and speech tics to whom the truth or the lie has become molecularly bonded. And while the film's characters are reified, the film's objects are made frighteningly lifelike: the balletic twist of a gun brought into firing position, a slow motion milk-shake flying at gunshot-sound from a patrol car.

"Nothing is what it seems" is the first, most obvious message. The follow-up thesis is that truth is often made not from the evident facts but from what we want to believe. Adams's "guilt" was patch-quilted from coincidences and conveniences. Harris's "innocence" was created by his Southern boy charisma and his unflappable skill at lying. Adams, a bearded, hippyish drifter, was the perfect fall guy. Harris, 16 and all-American (despite previous convictions), was the boy every mother wants to keep out of jail. The American dream created an American fantasy murder-case: and for one man an American nightmare that is only now – thanks to the film and the pressure it has brought to re-examine Adams's case – beginning to dissolve.

John Neville as Baron Munchausen

★

Elsewhere in American cinema, business is as usual. *Twins*, a patchy comedy that has made $100m in the US, is what Hollywood calls a "high-concept" film. That is, its story idea can be written on the back of a postage stamp and still leave room for the complete works of Shakespeare. The idea: Arnold Schwarzenegger, built like a Colossus, and Danny DeVito, built like a whoopee cushion, play twins.

The movie is a knockabout *Rain Man* in which small-time con artist DeVito meets long-lost sibling Schwarzenegger, who turns out to be a dumb, sweet-natured innocent with a few startling areas of mental ability. (After the autistic savant, the beefcake brilliant.)

Schwarzenegger is a genetically engineered "perfect man" taking a furlough from his laboratory island in the Pacific. DeVito, who 35 years before emerged from Ma's womb as a regrettable postscript to Arnold, has taken up a life of petty crime in L.A. Will the law or his rival hoodlums catch up with him? Or will his ten-ton brother rescue and then redeem him?

The film purrs with high-octane, lead-free charm for about 30 minutes, when the two stars are allowed to prime each other's comic engines, with help from director Ivan Reitman (*Ghostbusters*). Schwarzenegger's beatific literalism – "I did nothing. Ze pavement was his enemy" he says after tossing a street mugger to the ground – is immovable object to DeVito's irresistible fraud. (Watching this actor pump up his saucer eyes and over-wrought body language can be a delight.)

But once the duo hits the road, in pursuit of $5m of scam money plus their never-met mother, comic invention is left at the roadside. Slapstick replaces insouciance: chase scenes chase out wit. The script took four writers, including *Trading Places'* Timothy Harris and Herschel Weingrod: but as with Schwarzenegger's parentage (mixed sperm from six fathers) we end up less with a perfect specimen than a case of arrested development.

★

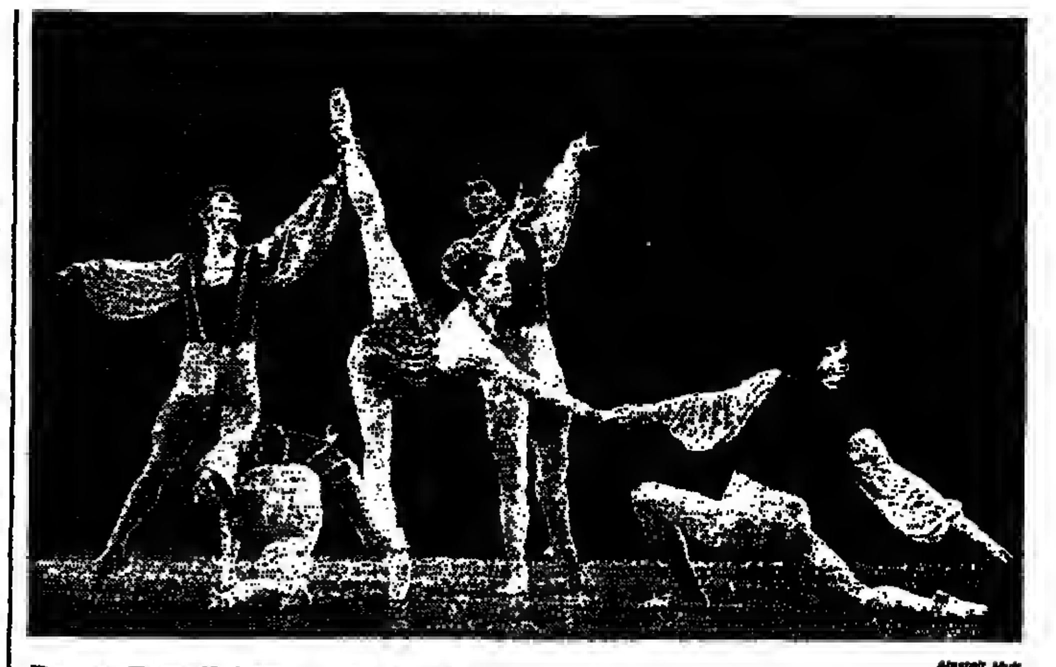
Q: Can a movie which wins twelve national film awards still induce catatonia?

A: Yes, when it comes from Canada.

Jean-Claude Lauzon's *Night Zoo* is a comatose French-language crime tale. Fresh from being raped in jail, convict Marcel (Gilles Maheu) is released into the world to discover that his girlfriend no longer wants him, two "bent" cops do want him and his dying Dad (Roger Le Bel) may or may not want him.

One thing is certain. The audience does not want him: least of all as guided through the dark night of the French-Canadian soul by writer-director Lauzon. When not being mercilessly gnomic – the dialogue pattering on our heads like existential rain-drops – the film is mercilessly maudlin. Scenes of Marcel and his Dad gazing misty-eyed at each other across the hospital sheets alternate with flashback scenes of them finding familial love on a moose-hunting boat trip. Finally Dad goes out, but not before my 23rd anxious look at my watch.

Nigel Andrews



Darcey Bussell (centre) in Capriccio

Capriccio

COVENT GARDEN

Balanchine's realisation of the Stravinsky Capriccio for piano and orchestra is also known as the *Rubies* section from his *Jewels*. Placed between the subtle lyricism of the Fauré *Emeralds* and the white elegance of the Chaikovsky *Diamonds*, it provided the sharpest of contrasts. Stravinsky's conversation with Balanchine – that career-long colloquy – was here about jazzy images, about the distortions and jokes that may be drawn from the music and set on the dancer's bodies.

So Balanchine's language is one of extreme sophistication, with movement taken to madcap lengths, classic ideas deformed and inverted, and the restless drive of the score, its broken rhythms and percussive energies, made plain for us as the second solo girl strikes easy poses and then reduces them to self-mockery, or the *pas de deux* couple combine in unexpected, perverse and wonderfully ingenious positions. It is choreography rooted firmly in the score, in which Balanchine has observed combative elements – the male soloist in the last movement is like a mobster with an attendant gang – as well as an electric urban wit.

Everywhere the academic dance takes on new disguises, while yet remaining itself, and it is to the credit of the Royal Ballet's cast, giving *Capriccio* its first company performance on Tuesday night, that the spark and sparkle of Balanchine's style was honoured. (It is also vastly to the credit of Bart Cook, that eminent New York City Ballet principal, who has staged this revival). There was everything to commend in the dancing of Viviana Durante and Darcey Bussell as the two leading women: movement bright, accents sharp, realignments of the body made to seem – as they are – inevitable and right.

Stephen Jefferies gave a clever impersonation of a man dancing the leading role created for that great danseur Edward Villella, but he did not show the role itself. Villella punched the dance at us (as did Baryshnikov in later performances) making it seem driven by a ferocious street-wise energy and humour. There are designs by André Levasseur that flood the stage with red. A tedious, bland set looks like a vast slab of strawberry mousse, and should be abandoned forthwith; costumes are efficient, and intriguing only in that they somehow miss the true colour of the finest rubies – which Balanchine has given us.

Capriccio opens a triple bill that makes sound choreographic sense. The revival of Ashton's *Enigma Variations* centres upon Derek Rencher's original and still unerring portrait of Elgar, with Sandra Conley a new and touching Caroline Elgar in her simplicity and evident devotion. But many of the other characters are now uncertain in dance or in temperamental nuance: fine exceptions are Jonathan Burrows' quick, brilliant sketch of H.D.S.P. and Erroll Pickford as a dazzlingly ebullient Sinclair, soaring and sporting through the choreography and claiming it for his own.

Mr Pickford also made a powerful bid for the leading male role in the closing *Rhapsody*. It is, like *Scenes de Ballet*, Ashton at his most succinct, each musical variation revealing that it contains a much larger and more resonant idea ("reduced to a pill" in Ashton's phrase) that the choreographer has chosen to show merely by allusion and aphorism. Mr Pickford whips bravely through it – his dancing at moments slightly unfocussed, but admirable in youthful power and an infectious joy in movement – and Viviana Durante wears the bright parure of the ballerina's dances with a proper pride and displays them with happy grace.

If there is a sub-text to this welcome triple bill it is that there is young talent – Miss Durante, Miss Bussell, Mr Pickford – from whom the Royal Ballet has much to hope. And to Philip Gammon, piano soloist in the Stravinsky and Rakhmaninov works, admiring thanks.

Clement Crisp

Othello

GREENWICH THEATRE

The hit-or-miss new régime at Greenwich flounders into the mire with this dull, clumsy and pointless co-production between the theatre's Artistic Director, Sue Dunderdale, and Hugh Quarshie, better known as a strong and intelligent actor.

It is tempting to overlook the hubristic and self-deluding programme notes which suggest that the play is about colonialism: which declare that interest in Othello's ethnic origins reveal racism (no comparison of Olivier with Ben Kingsley, got it); and which state flatly that Iago is racially mixed – "café-au-lait," to use a phrase that sounds oddly mealy-mouthed today. Tempting – and all too easy, since crucial roles are so badly acted that the production could take place in a Chinese laundry and nobody would be the wiser.

Othello frequently dons modern garb. The Young Vic gave us bored expatriates turning to intrigue as an alternative to bridge, manipulated by David Calder's bull-necked Iago, a splenetic, passed-over career soldier; the Theatre of the Imagination was distinguished by Mark Rylance's business executive Iago, given to psychotic twitching; Lancaster, as reported here in January, created an intimate, domestic tragedy in conversational tones, a nightworld of lonely dreamers from a Hopper canvas. The most notable achievement at Greenwich is to demonstrate how the fool-proof role of Iago can be thrown away in a monumental non-performance.

Henk Schut's design for Venice – a façade with balcony – swivels to provide the dominating flight of steps for subsequent cluttered groupings. The colonial element is conveyed mainly by Rita Wolf in khaki shorts as an urchin-clown, eavesdropping and scrawling the Islamic crescent on masonry; Paul Barber's espresso Iago; and a cast that resembles the integrated ensembles you can find at Leicester or Sheffield, say, with no racial differentiation intended. Hero presumably there is. Just as long as we know.

The first 90 minutes are numbing, while both Iago and Othello bid fair to being the worst interpreters of their respective roles on record. Clarke Peters' Moor is casual, sometimes uncomprehending. His accent hops from the Caribbean to the Deep South as he rattles off the lines without feeling for sense or style. His Desdemona conveys the will-power beneath the melting maidenliness by striding shrilly round the stage, a pushy little number in trousers. We *know* she is tough (*jazz* can be another programme note); good actresses have made the point without resorting to community-politics feminism.

The second half perks up. Mr Peters plays it like Tennessee Williams, panting naturalistically and intoning the lines softly and sometimes inaccurately (not as many fluffs as Iago, though). His build-up to the fit is impressive, with obsessively repetitive little gestures left uncompleted. Emily Morgan's spirited Desdemona suddenly makes sense in her outraged innocence. And the whole proceedings are galvanised by the splendid Dona Croll's rage and lamentation as Emilia. Nearly three hours in, this is a trifle too late.

For the production is characterless, stilted and devoid of excitement or dramatic urgency. Mr Barber's plodding Iago must take much of the blame.

Martin Hoyle

Warsaw Philharmonic

BARBICAN HALL

The only regret one might have about the "Great Orchestras of the World" series at the Barbican is its conservative choice of composers. At Tuesday's concert any Polish music would have been welcome on the programme of the Warsaw Philharmonic Orchestra to enhance the generally fine impression made by the players in an otherwise standard choice of musical styles.

If there was doubt as to whether this orchestra warranted inclusion in a series paraded under such a prestigious banner, they were fairly smartly dispelled. This was an impressive body of musicians, well-drilled in ensemble, distinctive in tone. The style of music-making in which they have been prepared is also free from eccentricities – a welcome virtue, if only it did not make the liveliness of their performances the more difficult to describe.

The point was immediately underlined by a comparison between the Chaikovsky we heard here – a fine, measured performance of the Fantasy Overture *Romeo and Juliet* – and that unleashed by Svetlanov over the weekend. At all the points where the Soviet conductor would have encouraged his brass to let rip, Kazimierz Kord kept the Polish players back, so as to allow his glowing, sombre string section to hold the focus of attention.

Equally, the Sixth Symphony of Shostakovich has not previously seemed an obvious choice to show off the qualities of an orchestra. But in this performance Kord succeeded in displaying the best in each department. Woodwind solos seized the spotlight eagerly in the central Allegro, while the long passages of ostinato in the strings were cleanly and energetically propelled.

The least successful item of the evening was Dvořák's Violin Concerto at the centre of the programme. There is not a lot an orchestra can do for this piece and, though it was clearly appropriate that the organisers should have invited the Polish-born violinist Ida Haendel to take the solo part, the music ideally requires a richer lyrical tone than she is able to provide.

Otherwise a useful and instructive encounter. The Warsaw Philharmonic may not lay claim to rival neighbours in Vienna or Berlin, but this visit was well worth catching.

Richard Fairman

Eve Dreams in Paradise

BIRMINGHAM TOWN HALL

Alexander Goehr's new work, broadcast from Birmingham on Radio 3 last Tuesday evening, is the latest commission from the Feeney Trust to reach the City of Birmingham Symphony Orchestra. Simon Rattle conducted the premiere of *Eve Dreams in Paradise*, which Goehr designates as a dramatic scena for orchestra with soprano and tenor soloists. It lasts a little under half an hour.

Goehr's output in the 1980s has been dominated by his opera *Behold the Sun*, staged in a mutilated version at Duisburg in 1985. Echoes of that work, and particularly of its neo-Baroque formalism, permeate the new piece just as they did his most recent work for chamber orchestra, written for the Bach Tercentenary in 1985. The same dislocations in the musical syntax characterise the opening of the scene, cross-cut with the soprano's first utterances as she begins to relate Eve's dream of tasting the apple in Milton's description from the fifth book of *Paradise Lost*. As her narration gains in power and significance the stride of the music gets longer and the dramatic pace more certain; the climax of the first part of the work is reached in Janacek-like refrains for the orchestra before the tenor intercedes to offer Adam's pre-Freudian interpretation of the dream.

Certainly the shape of the work implies a potent musical and psychological contrast – between Eve's warm impulsiveness and Adam's cool rationality, qualities well caught here by the soloists Ameral Gunson and Philip Langridge. Whether Goehr's brittle vocal writing ever matches the power of the Miltonic stanzas is less certain, and his music also fails to release the full charge of its eroticism – this is Original Sin in a pre-*Tristan* as much as a pre-Freudian form, chaste in both its harmonic and instrumental colours.

Rattle framed the Goehr with Busoni's *Berceuse elegiaque*, in a fastidiously moulded account graced by the CBSO's wind section, and Shostakovich's Fifth Symphony. There, a sovereign control and an absolute refusal to allow the music to wear its heart on its sleeve made the cumulative impact all the more terrifying.

The orchestra brings the Shostakovich to the Barbican, though sadly without the Busoni or Goehr, which are evidently regarded as too demanding to be risked on London audiences.

Andrew Clements

ARTS GUIDE

March 10-16

EXHIBITIONS

London

The Royal Academy. Italian Art in the 20th century: after German and British, the third in the *Academy's roughly biennial* sequence of major national surveys. All in all it is a remarkable exhibition. Daily until April 9, except Good Friday; sponsors Alitalia and Fiat.

The Barbican Art Gallery. The Last Romantics. A fascinating study of the romantic, symbolic and decorative strain in British painting, that links Burne-Jones and the later pre-Raphaelites to Stanley Spencer and the Slade muralists of the 1920s. Daily until April 9.

The Whitechapel Art Gallery (in collaboration with the Fundacio Joan Miro, Barcelona). Joan Miro: Paintings and Drawings 1929-41. Daily except Mondays until April 23 – sponsored by Citicorp/Citibank.

The Hayward Gallery. Leonardo da Vinci: Artist, Scientist, Inventor. The most comprehensive exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. Daily until April 16.

The Hayward Gallery. La France: Images of Women and Ideas of Celebration of France, the Revolution Revisited. The exhibition is an odd and delightful anthology of images of that sometimes seductive, sometimes daunting personification of La France, Marianne, as she has been has been depicted in French art over the two centuries since the Revolution, with a few antecedents thrown in. to April 16 then Liverpool, May 3 to June 11.

Paris

Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary *peintre maudit, influenced at* first by the impressionist Pissarro and later by Degas and Cezanne. Until April 24, closed Tue; late closing night Wed (42 96 58 30).

Louvre. Closed for repairs until March 30.

Centre Georges Pompidou. Tinguely's tinkering genius sets his machines swirling and whirring in a riot of colours, yet the mood of the 100 exhibits moves from the exuberance of invention to metaphysical preoccupations in his recent works. Closed Tue. Ends March 27 (42 77 12 33).

Le Louvre des Antiquaires. A show of wallpaper from 1720 to 1930. The exhibition displays 300 samples of this minor decorative art and shows how its development followed, and underlined, the changes of fashion. There are 18th century handpainted *papiers chinois*, an ensemble of panels of Reveillon's Royal Manufacture followed by revolutionary symbols. Choice pieces of furniture help to recreate the atmosphere of a given period. A *trompe-l'oeil* wallpaper of a white drapery sets off Restoration furniture, while an exuberant flower-motif provides a perfect background to a Napoleon III tea-party. 2 Place du Palais Royal (42 97 27 10), Closed Mon, ends April 2.

Musée Jacquemart-André. Russian historical costumes. Leningrad's Hermitage Museum has lent 200 exhibits from its treasure trove of historical costumes dating from 1760 to 1914. 158, Bld Haussmann, 12 noon-6.30pm; ends May 31.

Musée des Arts Decoratifs, the intimate world of Alexander Calder. some 300 works, most of them gifts to family and friends and, as such, exhibited *for the first time*, show the inventiveness and sense of humour of the sculptor. Tins are turned into birds and twisted wire catches the likeness of a friend, while a miniature circus is created from bits and pieces in a riot of playfulness. Ends May 21. Closed Mon and Tue (42603214)

Musée d'Orsay. Paul-Emile Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 23 (40494814).

Musée du Luxembourg. Treasures of Gallo-Roman Silverware The splendour of Roman silversmiths' work is brought to life by the rich finds on the territory of Roman Gaul. 250 exhibits show favourite decorative motifs – floral themes, scenes inspired by hunting or by the Dionysos cult. Tableware, mirrors and treasures from temples testify to the finesse of Roman and Gallo-Roman master craftsmen. 19, rue de Vaugirard (42342595). Closed Mon, ends April 23.

Musée de Cluny. Medieval art in Paris. The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman baths. Now a museum, it houses medieval works of art – goldsmiths' work, carved altarpieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tapestries – an allegory of the five senses, one of the masterpieces of medieval art. Place Paul-Painlève, Métro Odéon. Closed Tuesdays and lunchtimes.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.

Musée Royaux d'Art et d'Histoire. Tibet – Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Closed Monday ends May 14 (733.9610).

Fondation pour L'Architecture. From Masters to Students. 225 years of Architecture at the Academy of Fine Arts, Brussels. Closed Monday. Ends March 26 (649 0259).

Générale de Banque, 29 Rue Ravenstein. Formal Dutch furniture of the 16th-18th Centuries. Open daily, ends Mar 21.

Berlin

Nationalgalerie, Potsdamer Strasse 50. Guggenheim Collection. Around 60 paintings from the Solomon R. Guggenheim Foundation in New York and Venice with works by Picasso and Pollock are exhibited. Ends March 19.

Munich

Kunsthalle der Hypo Kulturstiftung. Retrospective of Paul Delvaux. This exhibition with 66 pieces from all periods is the first big presentation of Delveaux's works in Germany. The 91-year-old Belgian painter first became famous for his surrealist work in the 1930s.

SALEROOM

Scandinavian successes

Sotheby's sale of Scandinavian paintings on Tuesday evening, only its third to date, drew a gallery of Scandinavian bidders and three auction records. Top lot was one of Anders Zorn's largest and most successful watercolours, a cool plein air portrait painted in Scotland of Mrs Symons beside a stream – fully dressed – commissioned by Sir Ernest Cassel in 1887. It outstripped Zorn's previous auction record of £774,648, set in New York in October, by going to a Swedish dealer for £902,000. One of the Swedish artist's outdoor nudes, usually high flyers, proved the single biggest disappointment of the sale, and was bought in at £290,000.

"Teatime," a bold, decorative canvas by Sigrid Hjerten, Matisse's most gifted Scandinavian follower, realised a record £528,000. None of her works have made more than £100,000. Nikolai Astrup's high-key "Apple Trees in Bloom" also tipped its lower estimate to make the artist's auction best price of £297,000.

Carl Larsson's large watercolour of 1907, "Now its Christmas Again" sold on target for £440,000; his "Suzanne at the Clavier" fared slightly better than expected, selling for £429,000 to a private bidder. The top Danish work, a characteristically muted and beautifully painted interior by Hammershoi, realised £297,000, disappointing perhaps, but nonetheless a figure which could never have been achieved three years ago when specialist sales began in London.

A generous sprinkling of good Swedish pictures throughout the sale ensured its success. It was a much tighter sale than the previous year's. With yesterday morning's session included, it realised an impressive £6,811,530, over double last year's total (21 per cent failed to sell). The sale also attracted increased international interest, with bidding from British, American and Japanese dealers.

Christie's South Kensington also scored a triumph. The work of 25 "new contemporaries," young artists with no established market – some straight out of art school – was offered for sale at the Royal College of Art on Tuesday evening, and the response was wildly enthusiastic. Over 1,000 people filled the room. Rebecca Price's abstract "Quartet" made the top price of £4,950; with Simon Gales' polyptych a close second, at £4,400. Most lots, however, sold for a few hundred pounds. The sale totalled £113,014, with only 17 lots unsold.

Susan Moore

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telex: 8954871 Fax: 01-236 9764/5 Telephone: 01-248 8000
Thursday March 16 1989

The industrial policy myth

WHEN INDUSTRIES in competitive markets start describing themselves as "strategic", governments, taxpayers and consumers should watch out. Special pleading will follow. Such has been the recent pattern on both sides of the Atlantic, where producers threatened by Japanese competition insist that they deserve a helping hand from government.

In Europe, such arguments are being made by some larger companies, including Fiat and Philips, when lobbying for a Community "industrial policy". This proposal amounts to little more than a thinly veiled call for subsidies and trade protection. These demands should be firmly resisted. Industrial policy in the EC after 1992 should remove trade obstacles and market distortions, not shelter established producers by erecting new ones. For the Community to adopt the kinds of interventionism previously practised by individual member countries would simply repeat the same mistakes on a bigger scale.

Europe's abysmal record in this area needs to be kept clearly in mind not just in Brussels, but also in Washington, which is starting to show a decided enthusiasm for "national champion" projects in response to Japan's growing challenge in key electronic technologies. In the name of safeguarding strategic industries, the federal government has already agreed to finance a joint industry consortium in semiconductor manufacturing, and is being asked to support another, to develop high definition television.

Relaxation of rules

The second project raises particularly difficult questions, not least because it is being championed as much by some in government who view it as a way of reviving America's virtually extinct consumer electronics sector, as by the companies involved. It would extend well beyond joint research into production and marketing as well. That would require a relaxation of anti-trust rules, which could set a precedent for other similar ventures in the future.

Such an approach stands little chance of achieving the grandiose objectives set for it. But its potential for doing harm is considerable. It would legitimise collusion and cartelisation in a highly visible industry which has until now been subject to particularly intense competition. As a direct stakeholder in such an exercise, Washington would inevitably be tempted to resort to political measures, notably increased trade protection, to try to ensure its success.

Restrict competition

Furthermore, the further the US proceeds down this path the worse the example for the EC. European companies involved in co-operative research and development programmes such as Esprit and Eureka are already pressing for permission to extend such collaboration much closer to the market.

Given the growing concentration occurring in some parts of the European electronics industry, that could restrict competition. European policy-makers should be considering, instead, whether there is any longer a need for Esprit-type programmes, now that they have achieved their original purpose of breaking down barriers between companies in different countries.

Western advocates of industrial interventionism often claim that such policies have proven their worth in Japan. Indeed, some in the US call for an American equivalent of Japan's Ministry of International Trade and Industry to co-ordinate companies' strategies. Such "administrative guidance" has undoubtedly played a role in Japan's industrial development. However, its importance has been exaggerated in the past and is rapidly diminishing now.

Japanese industry's continued success has much more to do with high investment, capable management, high quality education and training, effective mechanisms for diffusing innovation through the economy and the maintenance of vigorous competition between domestic producers. An industrial policy that would have any sense for Western countries has to eschew the simplicities of protection, subsidisation and cartelisation and focus on areas such as these.

The fuss about food

THE HEAD of steam behind the debate over the safety of Britain's food has diminished; the Commons debate on the Agriculture Select Committee's report on the egg crisis was noticeably low key. With food issues no longer dominating the front pages and TV screens, the whole affair has begun to look like a nine days' wonder. The natural reaction is to forget all about it, but this would be a pity. It should be viewed, instead, as an opportunity to take a cool look at how to improve food policy.

The nation's scientists may not agree on the gravity of the threat from food poisoning, but the debate has highlighted two key issues. The first is the revolution in food production and processing over the last 30 years. The food chain has become longer, any one of the many links providing a potential, quite new, hazard to consumers. The second is that neither Britain's food policy, nor its food law, has been able to reassure consumers that their food is safe.

The egg crisis and the subsequent report by the Agriculture Committee underlined both points. The salmonella in question is a new strain, which may have emerged because of new intensive methods of rearing and feeding hens. The Government's scientists alerted it to the danger in November 1987. Yet complacency and laxity within the Ministry of Agriculture (MAFF), and poor co-ordination between it and the Department of Health, meant that egg producers were not informed until June – and the consumer many weeks after that.

Egg industry

The committee's report rightly castigates officialdom for its sluggishness, ministers *for their lack of political direction* and the egg industry for burying its head in the sand. Clearly the system worked badly. A similar crisis could just as well have erupted over some other foodstuff.

Reform may be necessary, but there is no consensus about how to carry it out. At the height of the crisis there were calls for the the abolition of the MAFF, which is responsible for food safety from the farm to the factory gate.

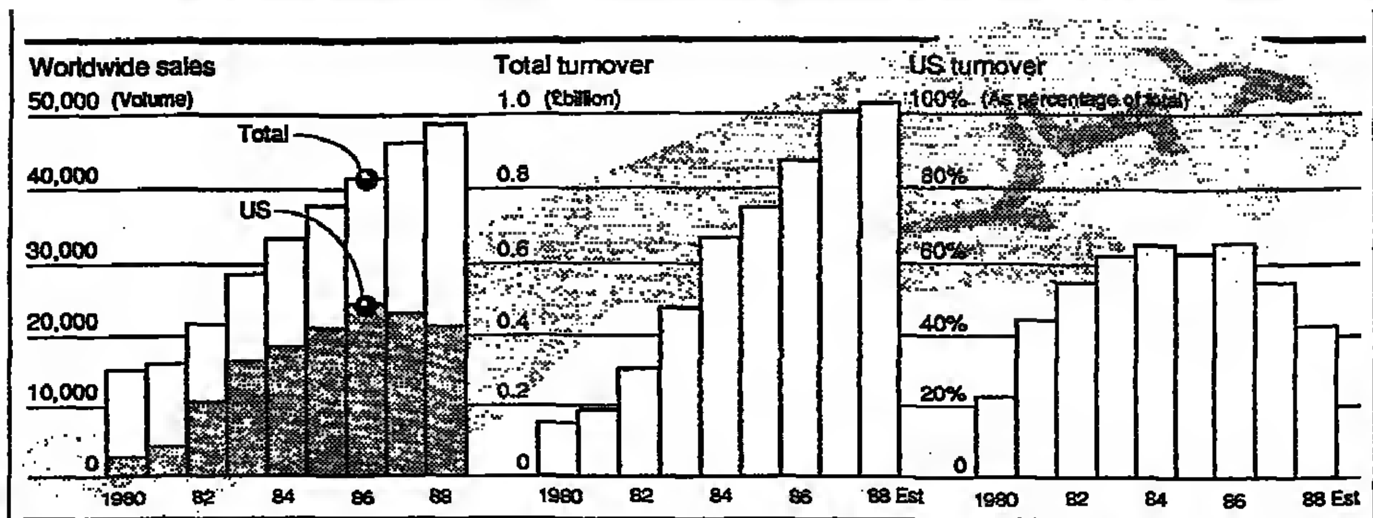
MAFF is widely viewed as favouring the producers over consumers. Certainly, the industry provides a far greater input into decisions on food than consumers. Yet it is far from clear that it would be advantageous to break MAFF up and dispatch its disparate parts to other (not necessarily more efficient) departments. MAFF does at least have the capacity to oversee most of the food chain.

Political commitment

On this line of argument, what has been most lacking is a political commitment to making food safety a priority. Here the egg crisis has proved valuable. The Prime Minister has chaired the first meeting of a new cabinet committee to oversee food policy and has apparently decided that a new Food Bill (the current one having been under review for six years) is a priority for the next parliamentary session. There is also a new expert committee under an independent chairman which will include consumer representatives and advise on the legislation.

Yet there is a major problem with such partial modifications of the *status quo*. More even than Caesar's wife a regulator of food quality must be above suspicion, in this case of undoe bias towards producers. By virtue of its history and dual function as regulator and sponsor MAFF can hardly obtain the required trust on its own. Additional ways must be found to reassure the consumer that Britain's food is safe.

An independent Food Standards Agency, with some of the features of the US Food and Drugs Administration, has been recommended as one solution. Naturally, questions would need to be answered before such an institution could be established in a British context, not least its precise powers and accountability – and indeed, with the onset of the European single market, whether such an agency should extend across the EC. But the concept should be explored with some urgency. An independent agency would do more than help to establish publicly acceptable, clearly understood and enforceable standards of food safety; it would be seen to do so.



As Jaguar reports its annual results today, **Kevin Done** examines the difficulties facing the famous British car company

The hard road lies ahead

City analysts packing into the Waldorf Hotel in London today for the announcement of Jaguar's 1988 results would do well to be armed with a batch of textbooks on management theory.

Sir John Egan, chairman and chief executive of the UK luxury car maker and the man who steered the company to surging profits in the mid-1980s when the dollar was riding high, has become a convert to the Deming school of total quality management, as he seeks to map out a new strategy for Jaguar. The task for Sir John – working closely with consultant Dr Myron Tribus, a Deming disciple, – is to sustain Jaguar's long-term profitability in the 1990s, and ensure its independence from predators when the protection of the Government's golden share runs out at the end of 1990.

In catching on to the management theories of Dr W.Edwards Deming, the American academic credited by many for playing a major role in shaping the post-war success of Japanese industry, Sir John is following in the wake of many other automotive groups, not least Ford of the US.

The Jaguar chairman has been forced to innovate. As the dollar began to tumble in 1985, the growing weaknesses in Jaguar's cost structure that had been overlooked in the dash for growth in the first half of the 1980s began to be cruelly exposed.

Successful currency hedging operations delayed the hour of reckoning, but they could only provide a temporary protection against Jaguar's dangerous over-dependence on the US.

Above all it had been growth in the US, the world's most important luxury car market, that had made possible Jaguar's success in the first two years following its privatisation in 1984. Pretax profits surged to a peak of £121.3m in 1986. It was the favourite example cited by UK Government Ministers preaching the virtues of privatisation.

But Jaguar's profits faltered in 1986, began to fall back in 1987 and today the City is braced for the announcement that earnings were more than halved in 1988 to £40-45m from £97m in 1987. Recent City forecasts have suggested that pretax profits could fall as low as £15-35m this year.

Sir John accepts that prices in the US were pushed up "above the easy ability of the market to absorb them. Instead you have to reduce costs. You cannot depend any longer on the name and old world charm and wood and leather to get enormous premiums in the market."

Last year Jaguar was hit by the compound problems of the much lower value of the US dollar, falling US sales volumes and a complete inability to raise prices. From the autumn of 1987 to February this year it was unable to impose any price increase in the US and was forced to defend desperately existing price levels.

Jaguar has been far from alone in its problems in the US and indeed can claim to have weathered the storm better than most of its European competitors. Porsche's sales and profits have crashed in the last two years and the profits of Saab's car division have all but disappeared. BMW sales in the US plunged by 16.5 per cent, Audi sales fell by 44.5 per cent and Mercedes-Benz's US sales fell by 6.8 per cent.

But, with its narrow product range and the pressing need to invest heavily to overcome decades of neglect, Jaguar is more exposed than most of its rivals to any deterioration in the competitive climate.

It currently presents a paradoxical picture with sales and production continuing to rise to record levels, while profits go into free-fall and most of the group's financial ratios deteriorate sharply.

In the first two months of 1989 sales worldwide were 15 per cent above the level a year ago at 8,368. For the year as a whole it is hoping to increase sales to about 55,000 helped by a 5-10 per cent increase in US sales. Jaguar is opening up a promising market in Japan, where sales doubled last year from a small base to 1,124. It is aiming to increase Japanese sales to 3,000 in 1990 and sees a market potential of 5,000 cars a year once it has established a comprehensive dealer network.

It has successfully reduced its dependence on the US market from a peak share of 65.5 per cent of turnover in 1986 to an estimated 42-43 per cent last year, but Sir John doubts whether this can ever fall much below 40 per cent.

Continuing success on the sales front cannot mask the drastic deterioration in Jaguar's financial performance, however. This decline has been mirrored in its share price.

Ever since the US dollar began its fall in 1985, Jaguar has faced a currency mountain to climb. The company calculates that every decline of one cent in the value of the dollar against sterling wipes £3-3.5m off its bottom line profits. In 1987 its dollar revenues were hedged at $1.38 to the pound, last year it was $1.55, a difference of £50-60m in annual pretax profits. Much of the City pessimism about Jaguar's results in 1989 is based on the fact that the company is now hedged for three-quarters of 1989 at $1.70 to the pound.

Sir John insists that Jaguar is not just a "break-even company" in 1989. "People have been a little too gloomy, we should be profitable in 1989 and able to fund fully our £100m-plus investment and research and development programme."

The key to whether Jaguar *succeeds in this aim lies* in its ambitious cost-cutting programme which began in mid-1988. It is seeking to take out of the business around £50m a year, or five per cent of costs, by eliminating waste, improving efficiency and productivity, and "seeking to get it right first time from first design concept to final manufacturing."

The cost-cutting will inevitably bring reductions in the workforce. It has already declined from a peak of 12,966 *in March* 1988 to 12,611 at the end of 1988. Sir John expects further reductions of up to 400 a year through natural wastage. Production has fallen from close to 1,300 a week in the *spring of 1988 to 1,170 now.*

At the same time capital investment fell from a peak of some £132m in 1987 to £104m in 1988. Jaguar faced an onerous investment burden to catch up on omissions of the past. Sir John *maintains* that in 1984 the average age of Jaguar's machine tools was 25 years. In an *audit* it found a lathe still working dating from 1895 with a refurbishment slip from 1920. The aim now is to lower capital investment each year to around 10 per cent of turnover, with research and development spending of around 5 per cent of turnover.

It has built an entirely new design and engineering centre, is close to completing a highly automated body assembly line, it has modernised the paintshop and has spent heavily on creating new engine facilities. The next major project must be the renewal of the final assembly operations, probably in conjunction with the launch of the much heralded new sports car, the F-Type, due for launch around the end of 1993.

The months of rumbling labour discontent over the company's modest two-year pay offer for 1989/90 (results of the latest workforce vote on are due today) have underlined again *the daunting size* of the task ahead for Jaguar. "Building up a world-class car company in a non-world class economy is difficult; but in the long-term we must be cost-competitive with the potential Japanese competition," saye Sir John.

The book now at his right hand is The Deming Guide to Quality and Competitive Position. "We must be thinking of the future and developing management processes, not fire-fighting for today." In fact, Jaguar is still walking a tightrope *between short-term disaster* and long-term survival and from the end of 1990 when the Government golden share expires, the threat of takeover could become a daily reality.

Book Review

Takeovers: a health risk

MERGERS AND MERGER POLICY
edited by James Fairburn and John Kay
Oxford University Press, £35

The traditional case for anti-trust policy is that if companies are allowed to buy up their rivals and achieve dominant market positions, prices will be raised to excessive levels and the consumer will suffer. Recent economic analysis, especially in the US, has cast doubt on the assumption that high levels of concentration are bad for the consumer; the dominance of a firm like IBM may simply reflect superior performance. On this view, mergers need to be challenged only in those cases where barriers to new entrants are high and the proposed combination may make them even higher.

A separate argument, which is sometimes used to support a stronger anti-trust policy, is that there are too many mergers in the UK and the US. While an active market in corporate control is desirable, the process can become too frenetic, distracting managers from the task of running their existing business. Takeovers can be a costly and disruptive means of displacing weak management.

These issues are usefully explored in a collection of essays edited by James Fairburn and John Kay. One message that emerges is the need to keep anti-trust, and merger control in particular, in perspective as an instrument of public policy. Merger activity in the UK during the post-Second World War period has not had a spectacular effect on the vigour of competition in the *economy.*

It is true that some horizontal mergers do enhance market power to the detriment of consumers and should be challenged. But the impact of anti-trust enforcement on the competitive process should not be exaggerated. Keeping markets open to new entrants relies more on other aspects of public policy, inclnding a liberal approach to foreign trade and the removal of regulatory barriers.

Another study (The Monopolies Commission and the market process, by Richard Shaw and Paul Simpson, IFS report series no 33) shows that in five concentrated industries studied by the Commission in 1959-63 tha main competitive developments – entry of new prodncers, countervailing power by customers, increased import pressure – occurred independently of the Commission's recommendations. The anti-trust authorities' role is to give a useful nudge to the competitive process.

How can this nudging process best be implemented in the UK? There is a case for incorporating into law the 1982 Tebbit guidelines (which stated that merger references to the Commission would be based primarily on competition grounds) and for upgrading competition as the principal concern of the Commission itself. One of the book'e contributors, Stephen Littlechild, thinks current rules deter some potentially useful mergers and would expand the guidelines to stress "natural or artificial barriers which prevent the entry or growth of competitors."

Fairburn makes the sensible suggestion that references of potentially anti-competitive mergers should be taken out of the hands of the Trade Secretary and vested in the director general of fair trading. He would also like to see the Office of Fair Trading brought directly into the Commission's proceedings as an advocate of competition. The Commission is too prone to allow the agenda in each case to be set by the participants; cross referencing between reports is rare. Fairburn writes: "Although the same issues come up repeatedly – *market* definition, sources of potential competition – it is hard to trace the Commission's reasoning from report to report, or even that it regards such continuity as an *important matter.*" The OFT "would have a strong incentive to draw ont the common themes and to force the Commission to confront the key issues directly." These procedural changes would give a sharper focus to merger policy.

Is excessive takeover activity bad for our industrial health? Evidence on post-merger performance suggests that the claims made by take-over promoters should be treated sceptically. The evidence also argues for the removal, as argued by Mervyn King in his *contribution,* of *tax and other* anomalies which make it cheaper to expand by buying companies than by buying new capital goods. It is surely better, as the papers by Julian Franks and Robert Harris stress, to identify and correct malfunctions in the market for corporate control, than to extend government monitoring of the takeover process.

John Kay thinks this market is inefficient as a means of imposing discipline on management. But it is hard to be optimistic about the proposed rem*edies, such as strengthening* non-executive directors and more involvement by institutional shareholders.

One useful step might be to oblige companies to disclose more information, in a consistent and detailed way, about the consequences of takeovers. The stock market is probably the least bad way of arbitrating between the claims of different management teams to manage industrial assets, but a market that is better informed, both about the previous takeover performance of the acquirer *and about* the *financial* consequences of takeover activity in general, might make sounder decisions.

Geoffrey Owen

OBSERVER

Rise of the new gurus

■ Perhaps every government, and every decade, have their economic gurus. Remember *Balogh and Kaldor in the 1960s,* and Milton Friedman in the 1970s?

Another school is coming up, which has had some influence on the last two British budgets and may have even more important work in the pipeline.

The Financial Markets Group at the London School of Economics at the end of 1986 and has been working quite closely with the Inland Revenue on tax policy. A major work called Taxation and Investment in a Dynamic Economy, is under way. It sounds remarkably close to the thinking of Chancellor Lawson: if you produce a stable tax regime, you create the climate for investment.

The Group is led by Charles Goodhart, formerly Chief Adviser to the Bank of England, and Mervyn King, who began to make his name as Professor of Investment at the University of Birmingham and now has a chair at LSE. Along with John Kay, King has just completed the fifth edition of their standard work: The British Tax System.

King and Kay, *however,* have recently started to go different ways, at least in public. When Kay left the Institute of Fiscal Studies for the London Business School, he was prone to make outspoken attacks on the Government, including the Inland Revenue. King has become more of an insider: he is, for example, an independent director of the Securities Association.

King also submits budget proposals. Last year he produced a paper on a flat-rate tax. It recommended a top rate *of 40 per cent, which the Chancellor* introduced. This year he circulated a paper on National Insurance Contributions. Some of the reforms he proposed are in Tuesday's budget. He also put up some pro*posals on inheritance tax* which, if not wholly accepted, do bear some resemblance to the Chancellor's measures.

At the same time, the LSE Group had been holding monthly seminars on life assurance, attended by officials from the Revenue. The seminars left their mark on the budget statement.

Another member of the Group should be mentioned. Mark Robson is on two years' secondment from the Revenue, where he was economic adviser. Robson is only 30, might have made his career in the theatre, started teaching maths and then became a tax inspector in Oxfordshire. "There is a lot of theatricality in economic policy," he says.

Robson has a lot to do with the book under way. "It's like Friedman in the 70s, talking about steady monetary growth. Then everybody realised that governments can't control it. But governments can control tax policy," he claims. After analysing this week's budget, however, his own immediate thoughts are on getting married next month.

African Queen

■ Margaret Thatcher clearly considers herself adequately versed in the intricacies of African politics. When she sets off next week on her journey to Morocco, Nigeria (s luncheon stop-over) Malawi and Zimbabwe, there will be no representative of the Foreign and Commonwealth Office on her VC-10.

The first foray into Africa – the Commonwealth confer*ence in Lusaka in 1979 – was* under the tutelage of Lord Carrington, then Foreign Secretary. Patrick Fairweather, Assistant Under Secretary of State responsible for Africa, was on hand when she visited Nigeria and Kenya in January last year. This time the Prime Minister, accompanied as always by Charles Powell, her private secretary, and Bernard Ingham, her press supremo, has dispensed with the Foreign Office.

With the stiff upper lip we have come to expect, an FCO official says: "Charles is there to bat for us." Powell has been on secondment to No 10 Downing Street from the Foreign Office since 1984: not everyone nowadays considers him a true Foreign Office man.

Rough cricket

■ Not many cricketing milestones are established in Toronto. But Canada's frosty financial capital may be host in November to what is thought to be the first international cricket match to be played on artificial turf.

The match would take place under cover in the SkyDome – the city's new 55,000-seat all-purpose sports stadium – which is currently taking shape. If current plans are confirmed, the match will pit the West Indies against a star-studded international XI. Although a few financial loose ends remain to be tied up, the main obstacle to confirmation is the reluctance of some players to perform on an artificial surface.

Having borne the brunt of the West Indies fast bowlers on grass, their prospective opponents may be forgiven for not relishing a similar confrontation on an unpredictable *matting wicket.*

Rooke's signal

■ From the Solent comes a pos*sible clue to the much-debated* succession to Sir Denis Rooke as chairman of British Gas, which comes up for renewal – or perhaps termination – when his present three-year contract expires in June.

It concerns the presidency of the Corporation's yachting association, the Seafarers. Rooke has held the post himself ever since it was founded about 10 years ago. The word is that it has been provisionally offered to, and accepted by, Bob Evans, the chief executive, once Sir Denis, who is 65 next month, leaves the bridge.

The Corporation tersely denies this, saying that the Seafarers' committee has not even considered the question and that Rooke is in any case to attend one of its activities in June. But Solent man is adamant. The June activity, he suggests, refers to the commissioning of the Seafarers' new 38 foot flagship, Ocean Flame II.

The association at present runs four large ocean-going yachts for use by industry personnel, and owns a number of yacht marinas, whose income helps to keep the fleet afloat.

ECONOMIC VIEWPOINT

Not a sufficiently monetarist Budget

By Samuel Brittan

The British Chancellor, Nigel Lawson, was under pressure from two different sources in the run-up to the Budget. The fiscal activists wanted him to avoid tax remissions despite the large Budget surplus to dampen down demand. The "Pay off the National Debt" school wanted the surplus kept intact to make a show of repaying that Debt.

The two pressures came from very different stables, both intellectually and politically. But for once they agreed on immediate objectives – no tax remissions and abandoning the objective of balancing the Budget. The repay-the-Debt school was the one prominently represented in the *Number 10 entourage*.

If the Budget Red Book (the popular name for the financial statement that accompanies the Chancellor's measures) had projected a series of rising surpluses – or Public Sector Debt Repayments (PSDR) as they are now called – the Chancellor would have been seen to have given in to one or both of these pressure groups, whatever he had said.

In fact the Chancellor explicitly repudiated both schools of thought and published a projection showing the PSDR levelling off at £14bn in 1989-90 and then gradually declining to £6bn by 1991-2 – the probable pre-election year – and £3bn by 1992-3.

How has the Chancellor been able to combine this projected running off of the Budget surplus with the conventional caution on tax cuts urged on him by City commentators and political colleagues? In part because the tax remissions have been somewhat larger than realised.

These consist mainly of two items – the decision not to uprate Excise duties on drink, tobacco and petrol and the like in line with inflation, and the very welcome reform in employee National Insurance Contributions for the lower paid. But because of the timing of the latter the full year cost of the two measures will build up from the £1.9bn which figures in the headlines for 1989-90 to £3.5bn in the following year.

Even so, these remissions would not have been enough to prevent a build-up of surpluses on the estimate of nearly all outside analysts. The Chancellor has only been able to reconcile his stated beliefs with his tax caution by much more pessimistic revenue and expenditure projections than theirs.

The process is not nearly as blatant or crude as some suppose. No one asks the Treasury or Inland Revenue to produce deliberately low surpluses for the sake of political convenience. It is rather that, left to themselves, the officials concerned make ultra-cautious predictions, as we have seen in the last few years. The Chancellor and his top advisers would be well within their rights in asking the officials to re-examine their assumptions and their findings – or deciding to go for the upper end of the likely range – without offending anyone's professional conscience. All they need, if they want ultra-conservative projections, is not to intervene.

Nor should the cautious official *forecasters be laughed aside. The* most respectable analysts are inclined to take the movements of the last couple of years and project them.

Nevertheless, my guess is that there is indeed some deliberate over-caution in the highest reaches of the Treasury and that there will be more headroom for tax-cutting or concessions to the infrastructure spending lobbies than Treasury Ministers now admit. But, like the Battle of Waterloo, it will be a more closely-run thing than speculators now suppose.

> **'It is unlikely that both the equity market goes substantially better over the year and the Government's counter-inflationary strategy works. One or other will have to go'**
> *- Greenwell Montagu*

* * *

THE BUDGET is not only an occasion for announcing fiscal policy, but for setting, or restating, the course of monetary policy.

The Chancellor's assurance that "Interest rates will stay as high as needed as long as needed . . . to get on top of inflation" is important. But the Government does not have adequate criteria for deciding just how high and how long this has to be.

It will be quite easy to produce an appearance of low inflation by the next election if the date is chosen appropriately after some mortgage rate cuts and in between public sector price rides. After all, as recently as February 1988, the year-on-year increase in the Retail Price Index was only 3.3 per cent, when we now know that there was a powerful inflationary head of steam.

But the underlying rate of inflation is a very different matter. The present underlying rate is probably over 6 per cent, making a reasonable allowance for house prices but excluding erratic mortgage interest effects. On the Chancellor's measure, it should peak at around 5¾ per cent to 6 per cent. But on present policies, any major reduction in this core rate will have *to wait for a further Parliament and* there could be quite a struggle to prevent it going higher, even if it dips during a period of apparent overkill.

Among my reasons: *first*, is that the world's governments and central banks have underestimated both real growth and inflationary pressure since about 1986. They have been worrying too much about slowdown and not enough about rising prices. When I hear the Chancellor saying that world interest rates may be about to peak, I fear they are doing so still.

Second, this underestimate of *upward pressures has been greater in* the UK than anywhere else. The Red Book estimate of Nominal GDP growth, which takes in both the real and inflationary component of 7¼ per cent growth in 1989-90 and 6 per cent in the following year, seems to me too low. While the build-up of consumer debt as a proportion of income and wealth will ultimately come to an end for prudential reasons, as the Treasury argues, there is no reason why this should happen at all soon.

Any immediate slowdown due to high interest rates is likely to be reversed when interest rates come down or even when the shock impact of existing high rates wears off. A more durable reduction in debt growth probably depends on a decisive downturn in the growth of nominal incomes from the 7½ per cent to 9 per cent per annum *corridor* in which they have been stuck.

Third, and more important, even if the Treasury's real growth forecasts are right, the present *level* of capacity and labour utilisation could well be too high even to stabilise inflation, let alone to drive it down.

The Phillips and Drew capacity utilisation index based on the CBI survey is now at record levels – higher than in the Heath-Barber boom or the Labour 1979 boomlet.

But it is highly dangerous to rely on such physical indicators. The flexibility of the economy and its ability to work at high pressure have improved since their earlier periods, but we do not know by how much.

So my *fourth*, and most important, worry is the lack of a monetary regime or set of reliable warning bells which will give the Chancellor some idea of when he should adjust interest rates by how much and in which direction – not precisely of course, but even roughly.

Tim Congdon, the *independent* monetary analyst, keeps asking why Nigel Lawson abandoned broad monetary targets in favour of M0 (notes and coins). There are many clear causal roots between the increase in bank and building society deposits and the rise in total spending in the economy – not least because of the links with credit growth which so offends some monetary purists. M0 by contrast is profoundly non-monetarist. It is at best a near coincidental indicator of Nominal GDP – and on my reading of the chart – dubious even in that role. But its greatest supporters in the Treasury do not claim that it causes anything to happen.

The fatal attraction of M0 is that it contains the letter M and is sometimes misleadingly known as the monetary base. There is, however, no *profound problem about* why the Chancellor should have been tempted. Broad money proved misleading at the beginning of the 1980s about which Congdon says very little; and M0 was supported both by economists regarded as full-blown monetarists such as Patrick Minford, and moderate monetarists such as Alan Budd.

To be fair to Treasury strategists, their own primary exposition, for instance in the Red Book, is in terms of Nominal GDP. It would have been better to have monitored that more closely; or to have made broad money the focus of attention even without an explicit target, in place of the emphasis on M0.

As we all know, the Chancellor's own eventual instinct was for an exchange rate objective against our major hard currency trading partner, namely West Germany. To have worked, it would have needed a longer period than the year it lasted. It would also need a very clear commitment, buttressed preferably by membership of the European Monetary System. The back door via the G7, now under the less-than-inspiring leadership of US Treasury Secretary, Brady, will not do.

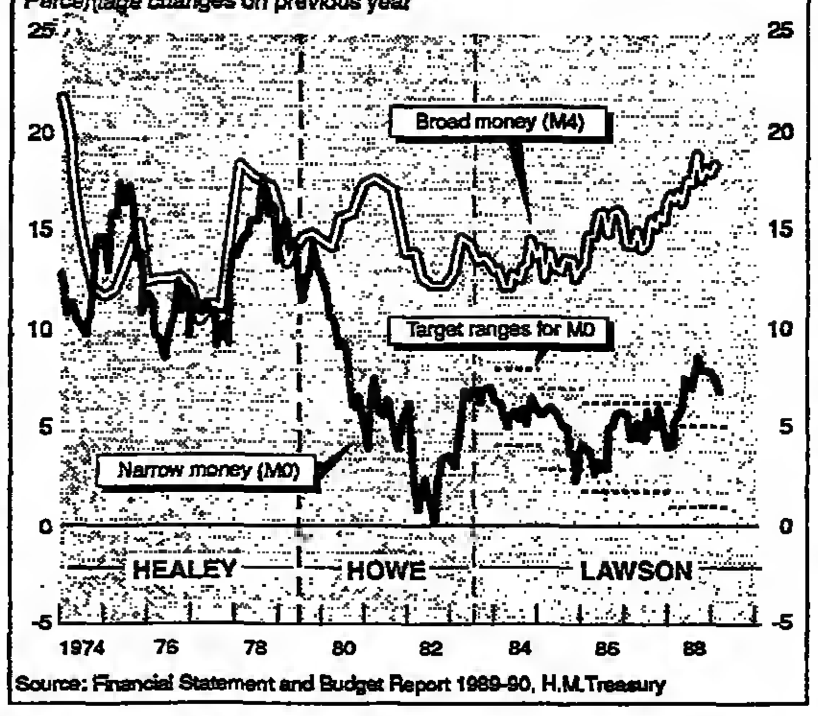
EMS membership is still the main chance I can see of reducing the core rate of inflation by the next election through a gradualist route. But it would not be easy, and credibility would take time to build up. Nor would it avoid some period of at least growth recession.

One alternative – other than luck – is a sharp and perhaps short recessionary shock, with a period of sterling overvaluation. It need not be on the scale of 1980-81, but it would have to bring about a change of gear in wage setting and price expectations.

It would not be the end of the world, or even of the Thatcher Government, if it did go into the next election with an underlying 5 per cent rate of inflation. In those circumstances, there would still be growth and supply-side achievements to proclaim; and Labour could hardly claim greater counter-inflationary credibility unless it embraced the EMS itself, on which some of its leaders have similar hang-ups to Mrs Thatcher.

Two ways of measuring money

Percentage changes on previous year



Source: Financial Statement and Budget Report 1989-90, H.M.Treasury

LOMBARD

A date the world wants to forget

By Edward Mortimer

EXACTLY a year ago some 6,250 inhabitants of Halabja, in Iraqi Kurdistan, were killed in a poison gas attack. It was only one of at least ten occasions between April 1987 and October 1988 when Iraq's armed forces used chemical weapons (CW) against the Kurds, but it was the one which got most publicity, because Iranian forces captured the town and invited Western reporters to film the effects. Halabja became the symbol of the agony of the Kurdish people, and today the anniversary will be commemorated around the world.

On June 7 last year Sir Geoffrey Howe told the UN Special Session on Disarmament: "We have to act before it is too late. The United Nations must demonstrate with all the clarity and conviction at its command that those who use chemical weapons are the outcasts of the civilised world." On August 26 the UN Security Council, relieved that the fighting between Iran and Iraq had meanwhile come to an end but uneasy about the role played by chemical weapons (CW), passed a resolution condemning their use and promising to take "appropriate and effective action" if they were used again.

But, as the updated Minority Rights Group report published today* says, "they were used again 48 hours after the Resolution, and again in September and October, yet no appropriate and effective measures were forthcoming." Iraq blocked demands for a UN investigation. Yet even though both Britain and the US said they had "compelling indications" that Iraq had indeed used CW against the Kurds after the ceasefire with Iran, neither attempted to reconvene the Security Council.

They professed to be satisfied with an assurance, given by the Iraqi Foreign Minister at the end of September, that Iraq would refrain from any further use of CW in the future. But according to Kurdish leaders Iraq did use them again on October 11 and 14, causing several hundred casualties. These reports too remain uninvestigated.

Chemical warfare is by no means the only abuse to which the Kurds have been subjected. A total of two million Kurds are believed to have been displaced. Of these, some 250,000 are now refugees in Iran and Turkey. The rest are still in Iraq but kept forcibly away from their homes. According to Kurdish leaders more than 4,500 of the 5,000 villages in Iraqi Kurdistan have been destroyed or depopulated since 1975 – more than half of them in the last two years.

Those driven out of their homes within the officially recognised "autonomous area" are allowed to remain in the region. But some 400,000 who lived outside that area have been deported to remote camps in the desert near the Saudi and Jordanian borders. No one is allowed to visit these camps, but the conditions there are said to be appalling. Men and women are segregated, and children allowed to stay with their mothers only till the age of three.

One must hope that these reports are exaggerated, but so long as Iraq denies access to any impartial investigators one is bound to fear the worst. Yet the international community seems willing to shrug its shoulders and pass by on the other side. There is a strong prima facie case that Iraq is guilty of genocide as defined by the 1948 Convention, but none of the other parties to that Convention has so far seen fit to institute proceedings. A draft resolution requesting the appointment of a special rapporteur to study the human rights situation in Iraq was not even discussed at the recent meeting of the UN Human Rights Commission, and even those governments (including Britain) which sponsored it continue to cultivate Iraq with trade credit and ministerial visits. Each shelters behind the others, arguing that to take a stand in isolation would simply exclude its nationals from an important Middle Eastern market.

So far from being "the outcast of the civilised world", President Saddam Hussein of Iraq is allowed to behave like its spoilt brat.

**The Kurds, available from 29 Craven Street, London WC2N 5NT. Price £2.50*

LETTERS

Soviet aim of nuclear disarmament

From Mr Lev Parshin.

Sir, Your political correspondent Michael Cassell asserts in his article ("Labour team to visit US," March 7) that Soviet officials would prefer Britain to include her nuclear weapons in superpower talks, rather than to offer any unilateral or bilateral deals.

In fact, in Moscow members *of the Labour party delegation* were briefed on the well-known Soviet position. The Soviet Union welcomes any real reduction of nuclear weapons whether it is unilateral, bilateral or multilateral. General V. Lobov stressed that unilateral nuclear disarmament of Great Britain would be a "remarkable step" that would create an entirely new situation at the Soviet-American negotiations on strategic nuclear weapons and encourage other nuclear countries to take positive steps in response.

Back in 1984 the Soviet Union made a commitment to reduce the stock of its medium-range nuclear means by a number of nuclear weapons that Britain would actually eliminate. It was reiterated to the Labour party delegation in Moscow that in new conditions the Soviet side would be prepared to hold talks with the British Government about possible reciprocal measures if Britain takes a decision to eliminate its nuclear arsenal.

No preference were given from our side to any of three options currently under discussion in the Labour party – unilateral, bilateral or multilateral nuclear disarmament.

The aim of the Soviet Union is nuclear disarmament. In this we are looking for partners. If any government of any nuclear *power joined us in this quest* for nuclear-free world we would find ways and means to make accommodations to achieve this.

Lev Parshin,
Counsellor,
Soviet Embassy,
13 Kensington Palace Gardens, W8

Players' rules

From Mr W.A. Imthurn.

Sir, In "Eurobond issue practice to change" and "Leading players back reform of new issue practices" (March 6), Andrew Freeman made some assertions which need to be clarified.

He writes: "Co-managing banks are invited to join an underwriting syndicate, but usually have to wait for up to three months before they know the final price at which they bought bonds." If this were so, the new issue activity would long ago have ground to a halt. At the speed at which new issues launched these days nobody would entertain a three-month risk to pricing.

Subsequent statements in the articles, attributed to leading "players", reinforce my conviction that the shouting regarding current market practice is about nothing.

The primary market has perfectly adequate underwriting and selling group agreements but at the moment they are not being enforced. That is the crux of the matter: enforce the rules or abandon them.

Neither the International Primary Markets Association nor any of the stronger underwriting members have yet had the courage to face some facts: a well-priced good-quality issue, launched at the appropriate time, will sell itself; and the total spreads in their present form are one of the foremost culprits of the malaise.

No investment banker worth his salt will entertain the risk if the issue has a tighter spread but will gladly play the innocent fool if he can exit his commitment under the guise of anonymity and still appear in the even more meaningless league tables.

Rather than bleat, why do the participants not address their problem instead of blaming each other for the demise of "their" system.

W.A. Imthurn,
5 South Park Mews, SW6

A service to Western security interests

From Mr Robert McGeehan.

Sir, Perhaps a point could be added to Peter Riddell's excellent analysis of the recent Tower affair (March 7). In submitting himself to the long confirmation struggle, the failed nominee for the post of Secretary of Defence has served his country by virtue of his very unacceptability.

While obviously a defeat for George Bush in the narrow sense, the extended delay which the Senate debate provided was exactly what many *hoped for in terms of prolonging* the Administration's broader review of strategic priorities.

If reports are correct that the new President does not entirely like the trends in superpower relations which he inherited from his popular predecessor, yet cannot be seen to change them with undue haste, then any legitimate reason to decelerate the rush towards further, possibly ill-considered, arms control deals must have been welcome.

The Nato allies are often perceived in Washington as too receptive to the Gorbachev charm offensive. The ordeal of John Tower, in blunting calls for hasty policy initiatives, has profoundly (albeit inadvertently) served Western security interests.

Robert McGeehan,
United States International University-Europe,
Bushey, Hertfordshire

Government's part in the rescue effort

From Mr Douglas M. Brown.

Sir, In your issue of March 8 Mr Ian Denholm sought Government support for British shipping. Also on March 8, I received a prospectus from a company which ordered a 3,000-tonne vessel "being bought with the benefit of a large Government subsidy and fixed rate of 7.5 per cent mortgage."

The contract price is £3.168m, about £1m of which will be paid by the taxpayer, who will also foot the bill for the heavily subsidised sub-commercial interest rate on a loan amounting to 80 per cent of the ship's cost.

While it is true that these subsidies benefit the shipbuilder, it is also true that the owner benefits from substantially reduced annual capital charges and conserving his own funds. Thus any impression given by Mr Denholm that British shipowners are not already in receipt of state aid would be wrong. This year the Government is giving around £10m to assist with costs of training and crew repatriation. Tax relief for seafarers will also cost about £15m a year.

Mr Peter Le Cheminant, GCBS Director-General, has said that British shipping "is not an industry with an outstretched begging bowl. We are not lame ducks and have no desire to be pensioners of the state." This is not the impression the public has received.

Douglas M. Brown,
3 Glenthorne Road,
Sunderland, Tyne & Wear.

Not to be left out

From Mr Edmund de Rothschild.

Sir, I read with great interest Arthur Hellyer's excellent article on the National Gardens Scheme in last Saturday's issue (March 11).

There was, however, one rather serious omission in that the Cancer Relief Macmillan Fund was not included in the beneficiaries.

We supported the training of Macmillan Nurses to the extent of £160,500 out of the proceeds of the 1987 season and will do even better out of the 1988 season.

Edmund de Rothschild,
Trustee,
The National Gardens Scheme,
57 Lower Belgrave Street, SW1

The French idea of élite

From Dr G.T. Harris.

Sir, Head-hunted to work in France, I soon learned the different status accorded there to engineers when I asked a French engineer to recommend a dentist.

"Try Monsieur X. – first class man; level-pegged with me at school but just failed to make the grade at the Concours (competitive entry exam to engineering school) so had to become a doctor or dentist instead."

Thus graded as a second-class citizen compared with the élite *ingenieur*.

G T Harris,
103 Oaktree Road,
Tilehurst,
Reading, Berkshire.

FINANCIAL TIMES
Thursday March 16 1989

AIDS patients ready to gamble on hope

The doubts cast on Retrovir leave few options for sufferers, reports Peter Marsh

IT TAKES about 10 years for a drug to be proven safe and effective. But the people we talk to can't afford to wait that long. By then they will be dead."

Mr Robert Vasquez, a member of an unusual medicines dispensing organisation in New York, is talking about the problems experienced by people with AIDS in waiting for new treatments for the disease.

These problems seem to have intensified recently since doubts have been cast on the effectiveness of Retrovir, (sometimes known as AZT) the only drug officially available to combat AIDS.

Mr Vasquez works for the People With AIDS Health Group, which provides to sufferers unapproved medications for combating the disorder. There are, as he acknowledges, some risks with this treatment – but they are few compared with those involved with AIDS itself, which invariably ends in death within a few years.

Since it was identified eight years ago, AIDS has affected an estimated 300,000 people worldwide, of whom roughly half have died.

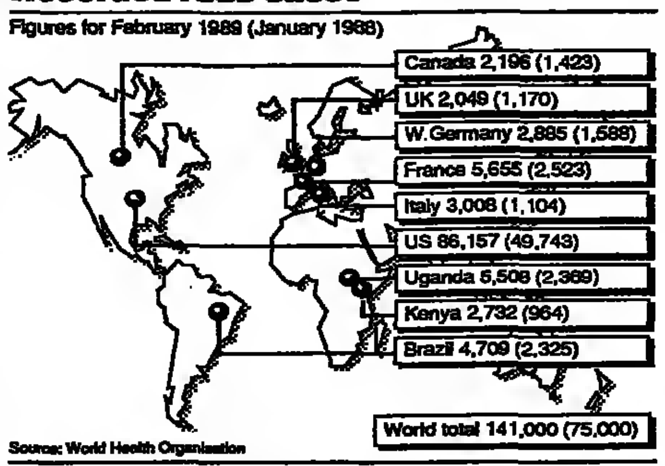
Retrovir, made by the UK company Wellcome, is on sale in some 60 countries. Although it has helped a great many AIDS victims, it is far from perfect. It does not cure the disease but only holds up its progress.

The drug also has a range of toxic side-effects, from nausea to bone marrow damage, which can over a period of treatment reduce its impact or prevent people taking the drug altogether.

A new problem with the drug, which became available in 1987 and had sales last year of £90m ($155m), became evident this week when Wellcome announced it had identified samples of AIDS viruses which had built up resistance to Retrovir.

Recorded Aids cases

Figures for February 1989 (January 1988)



Source: World Health Organisation

If these Retrovir-resistant strains of the virus crop up in a significant proportion of the 30,000 or so people taking the drug around the world, prospects for the product would look exceedingly dim.

World Health Organisation (WHO) statistics put the number of known AIDS cases at 141,000. Nearly 90,000 of these have been in the US, the country with the largest recorded tally of AIDS sufferers, and some 2,000 in Britain.

The true global total, however, is probably at least twice the WHO figure and up to 10m people are thought to have the AIDS virus which triggers the disease in their bodies. Most of these people are likely to contract full-blown AIDS.

Given the epidemic proportions of AIDS, a lot of people – including sufferers, public health officials and scientists in the drugs industry – are frustrated by the slow progress in coming up with medical treatments for the disease.

That is where Mr Vasquez – together with the three-man dispensing organisation he works for in New York – enters the story.

The People With AIDS Health Group, sited in Manhattan, was set up two years ago to sell drugs which are thought to have an effect on treating the illness but which have not gained the necessary government product licences.

The products include some well-known medicines which are available on prescription or at retail outlets (sometimes only outside the US) for combating ailments other than AIDS.

Others of the organisation's products are proceeding through clinical trials. The aim is to build up enough data to prove as far as is possible that the drug is safe and effective in treating AIDS.

The problem, however, is that to meet government safety standards the trials must be extremely rigorous and can easily take several years – by which time many of those the medicines could have helped will have died.

Drugs which are available from the New York group include dextran sulphate, made by the Japanese company Ueno Fine Chemicals and fluconazole, made by Pfizer, a big US drugs company. Other products are ribavirin and isoprinosine made by ICN Pharmaceuticals and Newport Pharmaceuticals, both of the US.

Mr Vasquez says his non-profitmaking organisation receives 25 telephone calls a day from people eager to buy its products, a month's supply of which can cost anything up to $800. The group, one of several small organisations across the US which supply AIDS medications of this sort, has 2,000 regular customers and the number is growing rapidly.

Mr Vasquez says many of the people whom he supplies have tried Retrovir but found the toxic effects outweighed its benefits in fighting the disease.

Despite the fact that the medications he sells have no proven claim to be valid treatments for AIDS, he says that many sufferers feel the risk in taking these products is justified. "It makes no sense for people to wait for the drugs to get a licence," he says.

This is a position with which the Food and Drug Administration, the US government body responsible for pharmaceutical licensing, has some sympathy. It is acutely aware of the lengthy development periods for many drugs and said last year that it would permit small quantities of potential AIDS treatments to be imported into the US for use by sufferers, even if these products are unapproved.

How long will it take for Retrovir to have an officially sanctioned competitor? Most drug industry observers are not optimistic about any breakthrough in the near future.

"Aids is a very difficult disease to tackle," says Mr David Manyak, an industry analyst at Merrill Lynch, the New York bank. "Nothing new for treating AIDS is imminent."

Anti-AIDS drugs based on a protein called CD4 look the most promising. The protein attaches itself to the virus where it normally binds to human cells and thus cuts off its path to infiltrating the body.

But it is thought these medicines – which are under investigation at several companies including Genentech, Biogen and SmithKline Beckman, all of the US – are unlikely to become generally available for 18 months at least.

Other potentially useful AIDS medications include dideoxyadenosine and dideoxycytidine, being developed by Bristol-Myers of the US and Switzerland's F. Hoffmann-La Roche. An aerosol form of a well-known drug called pentamidine, under separate study by LyphoMed of the US and Fisons of Britain, may become available fairly soon for treating a form of pneumonia often associated with AIDS.

Among AIDS sufferers and in the support groups which have mushroomed in many of the world's big cities, there are mixed feelings about the pace of developments.

A worker at Project Inform, a San Francisco AIDS-support group, said he was hopeful. "There are 200 drugs being tested right now; any one of them could be a breakthrough," said the worker, who gave his name only as Frank.

Mr Nick Partridge, of the London-based Terence Higgins Trust, which helps many sufferers, is less sanguine. He believes drug companies should collaborate more, possibly in government-led programmes, to come up with a better treatment for the disease.

THE LEX COLUMN

Taking a flier on Aerospace

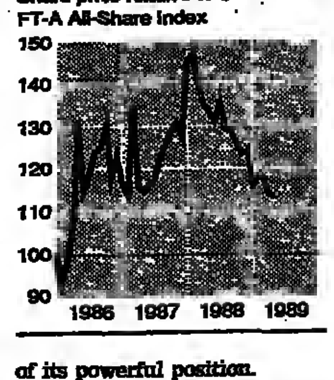
The more one looks at the new-style British Aerospace, the harder it is to price. The doubts still remain: the world's civil aircraft industry is working flat out, but Airbus is still heavily in loss; and at a time of record car sales, Rover boasts a trading margin of just 3 per cent. But at a price of 558p, the shares stand a third below net asset value, not counting half a dozen juicy properties held ready for sale. And for anyone worried about recession, a company with military orders in the bag of perhaps £10bn – on a likely margin of at least 10 per cent – is not to be sneezed at.

For the real optimist, even Airbus and Rover are not all bad. The impending takeover of MBB by Daimler could be decisive in taking Airbus out of the public sector, and could even pave the way to its full privatisation as a separate entity by 1992. As for Rover, the safety net provided by its assets – from real estate to the Daf holding – is already sufficiently notorious. Perhaps more important, now that Rover cannot fall prey to a competing car company, Honda is free to concentrate on developing it as its sole route into Fortress Europe. This may or may not be profitable in the short term, but it could help turn Rover into a valuable operating asset rather than a real-estate play.

It would not do to get carried away. The downside risk on Rover and civil aircraft is still enormous, and Royal Ordnance apart, the weapons and electronics business is still in rather a mess. Assuming £300m of pre-tax profits this year, the p/e is 7; the worst fact remains that this could still make BAe the cheapest share on the FT-SE, or the reverse.

Hillsdown

Share price relative to the FT-A All-Share Index



Pilkington/NSG

There is a danger that Pilkington's sale of one fifth of Libbey-Owens-Ford (LOF) for considerably more than it paid for the entire company, will attract the wrong sort of interest. If Pilkington can find a Japanese buyer prepared to pay well over 20 times earnings for a passive stake, just think what its much more profitable European businesses might *command* if they were put on the block. With 1992 and all that, Pilkington is the only glass company which straddles all the major world markets; and its own share price multiple of less than 10 times earnings does not reflect the value of its powerful position.

However, Pilkington is not the sort of company which goes in for fancy financial engineering just to make its share price look better. The move will reduce group gearing from 60 per cent to 45 per cent, say, but the real significance is strategic. Pilkington has already spent $250m modernising LOF, but it is still a long way from resolving LOF's other basic problem – its unhealthily large reliance on General Motors' business. By giving Japan's second-biggest glass maker a foothold in the US market, there is far less chance that LOF will be locked out of supplying glass to Japanese car producers in the US – the fastest growing segment of the automotive glass market. The US is already emerging as a low cost producer; and if the yen continues to appreciate, LOF could begin to make some inroads into the one major market where Pilkington has yet to make a mark – Japan.

BTR

To hear BTR deny that it is a conglomerate, one might think that carrying such a tag is a *disadvantage in the market.* But that has scarcely been true of the past 12 months, when conglomerates have outperformed the All-Share by 9 per cent; and if the Chancellor is anything like correct about the year to come, the supposed defensiveness of the sector should look better all the time.

Presumably, what BTR really means is that it is not Hanson; and that is looking truer than ever. Wherever one stands on the relative merits of those who make and those who deal, the fact remains that the latter have the US and UK markets against them at the moment. Both BTR and Hanson want to do deals in those markets, and both are waiting for less ecstatically priced targets. But it is in the nature of things that Hanson probably needs a deal more than BTR, which can console itself by gazing on mounds of Australasian cash until suitable opportunities arise.

For 1989, at least, BTR's presence in the world's fastest growing markets in the Far East probably gives it the edge over Hanson, which moves along an Anglo-American axis. But once economic hardship starts pushing American buyouts over the edge – more likely next year than this – Hanson should look more like itself again. The market, for its part, already has the two virtually neck and neck, on an average market rating for the current year; both probably deserve more, and, as things get worse, they may well get it.

Hillsdown

Hillsdown has pandered to the market's every whim since the crash. It has tidied the mess left by years of undiscriminating acquisitions, so as to look more like a diversified food company than a conglomerate. It has got rid of the non-growth and low-margin stuff, reducing gearing from 150 per cent to 50 per cent. And it has continued to deliver the results, as yesterday's 28 per cent rise in earnings showed.

The market's response has been to swap the company's 25 per cent premium of two years ago for a 30 per cent discount now. Successive brokers have recently tried to call the turn, but have failed because the market seems to want it both ways from Hillsdown. It dreads a big acquisition, yet fears that without one, each good set of results will be the last. It deplores the company's diversity, yet reacts to the salmonella/listeria scare as if Hillsdown were entirely a poultry company.

Organic growth cannot continue at last year's 35 per cent, but Hillsdown surely deserves a market multiple on the basis that above-average growth can be extracted from existing businesses for at least two more years. A smallish discount may be appropriate for the non-food business; housebuilding is doubtless past its best, although furniture may take up some of the slack. Mr *Thompson presumably believes* a p/e of under 9 is too low, which is why he is in no hurry to sell his 15 per cent stake. But while he delays, the institutions are justified in their reluctance to open the buying season.

US merchandise trade deficit falls

By Anthony Harris in Washington

THE US merchandise trade deficit, on a customs basis, fell in January to $8.5bn, seasonally adjusted, from a revised $11bn in December, the Commerce Department said yesterday.

However, the underlying trend continues to show that the deficit is now tending to grow, or at best standing still.

Both imports ($37.3bn) and exports ($27.6bn) were sharply down from their record December values.

The fall in imports was more than accounted for by a $3.4bn reduction in manufactured imports, with sharp falls in cars and consumer goods. Manufactured exports fell by $1.8bn, with drops in computers, aircraft, and industrial plant.

The figures were almost exactly in line with financial market expectations and provoked only a slight marking up of bonds as uncertainty was removed.

The US trade figures, which up to now have been published on a dock gate basis, with imports reported (including cost of insurance and freight) and exports (free on board) will from now on be published only on a customs basis.

The new reporting basis matches the international standard and shows a deficit of about $1bn less each month than the old basis.

At the same time the US has switched over to internationally-accepted industrial classifications, so that commodity figures are comparable with those published by other countries.

It is hoped that this change will make it possible to produce more accurate figures, especially on revision, as US figures can now be compared in detail with those recorded at the other end of the pipeline.

Tasmanian pulp mill plan is abandoned

By Bruce Jacques in Sydney

NORTH Broken Hill Peko, the Australian resources group, and Noranda, its Canadian-based partner, have abandoned their controversial proposal for a A$1bn ($840m) pulp mill at Wesley Vale, Tasmania.

The joint decision was being hailed last night as a victory for the Australian environmental movement which had succeeded in making the mill a national focus.

The mill, with planned production of 440,000 tonnes a year, would have been Australia's largest single manufacturing investment, heavily geared to the Japanese market.

The companies said the mill could not proceed because the Federal Government had imposed pollution guidelines even *more stringent* than those specified earlier by the Tasmanian Government, under which they were expected continually to update pollution controls.

Emissions of dioxin, an organo-chlorine by-product of the plant's bleaching process, emerged as the most problematic of the differences between the companies and the Tasmanian Government.

The companies said preparation of the Federal Government's guidelines would have taken at least another four to six weeks and Canberra had not been specific about the changes it would require.

With a A$1bn investment at stake, and the prospect of losing A$30m in costs in the cancellation of equipment orders, the developers said they were left in an untenable position.

Mr Paul Keating, Federal Treasurer, said yesterday new mill proposals would be welcomed, but would have to adhere to the same guidelines.

The partners were last night privately discounting the chances.

Dispute on DAT nears resolution

By Hugo Dixon

THE long-running dispute over digital audio tape seems close to an end following indications that the consumer electronics industry is willing to compromise on key issues that have been holding up its agreement with the record industry.

The record companies have been blocking the introduction of digital tape – a new technology that can make almost perfect copies of recorded music – because they fear it will lead to an increase in piracy and home taping.

Indications of a compromise came out of a meeting between Japanese and European electronics manufacturers in Japan earlier this week.

The Keidanren, the Japanese industry federation, said the manufacturers were willing to modify digital tape machines so they could only make single copies of any particular piece of software. They were also prepared to consider a levy on blank tapes, which would be used to compensate record companies for lost royalties.

The international record industry has been insisting on these two commitments before it is willing to make software to play on the machines. The International Federation of Phonogram and Videogram Producers, which represents the record companies, said yesterday it was "extremely happy" that the electronics companies were willing to compromise.

The two sides are due to meet in Amsterdam early next month to thrash out a solution. If this meeting is successful, digital tape machines could be introduced throughout the world in the autumn.

At present, they are available only in Japan and a *few* other countries. Even there, sales have been disappointing because of the lack of software.

The record industry has taken a tough line on the issue because it has wanted to establish precedents

Chilean appeal over export ban

Continued from Page 1

air and sea transport are taken into account.

Mr Moreno also warned that some 200,000 people, many of whom are poor seasonal labourers, risked losing their jobs.

The poisoning incident has been condemned by the Government and opposition. The Government is blaming the Communist Party, but no evidence has been presented and no arrests have been made, although an investigation is underway with assistance from the US Federal Bureau of Investigation (FBI) and other *international law enforcement* authorities.

Shipping company officials in Valparaiso, where all loading of fruit was suspended for three days, are reported to suspect commercial sabotage by US fruit growers in California.

Efta proposes closer ties with EC

Continued from Page 1

not six.

There was, however, a noticeable gap between the positive, if cloudy, aspirations of the declaration and the more cautious responses by heads of governments at yesterday's Oslo press conference

Mr Franz Vranitsky, the Austrian Chancellor, stressed his Government's commitment to Efta's integration strategy.

He said an Austrian application for EC membership, forecast for this summer, would not conflict with this.

The only public note of discord with the apparent political will of most Efta members to make integration with the EC succeed came from President Jean-Pascal Delamuraz of Switzerland.

He denied his country was trying to hold up closer co-operation between the EC and Efta, but he stressed his opposition to a "supra-national" Efta and to any idea of a customs union. This Swiss position may crack Efta unity, if and when substantive talks start with the EC.

The new fluidity in the future shape of Europe was also underscored in the Oslo declaration's support for "joint efforts" to develop co-operation between Efta and Yugoslavia.

Bankers object to draft Delors report

Continued from Page 1

already objected because it *assumed the 1992 programme* for a barrier-free Europe must lead to monetary union.

The idea contradicts their long-held beliefs that the creation of a customs union in the EC by the end of 1992 should not be linked to monetary union.

*It is understood that the dis*sident group of central bankers have been inflamed by large parts of the first section of the draft document.

At one point it says: "The success of the single market programme thus hinges to a decisive extent on a much closer *co-ordination of* national economic policies

"This implies that in essence a number of steps towards economic and monetary union will already have to be taken in the course of establishing a single market in Europe."

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		-	-	Dubrovnik	C	13	55	Malta	F	17	63	Rhodes	S	17	63
Algiers	S	18	64	Edinburgh	S	7	45	Manchester	C	7	45	Rio de J'o	C	27	81
Amsterdam	F	8	46	Faro	S	17	63	Manila	R	30	86	Rome	S	18	65
Athens	S	16	61	Florence	C	14	57	Melbourne	C	16	61	Salzburg	C	10	50
Bahrain	F	23	73	Frankfurt	R	8	46	Mexico City	F	25	77	San Francisco	F	6	43
Bangkok	F	34	93	Funchal	S	18	64	Miami	S	20	68	Seoul	S	11	52
Barcelona	S	16	61	Geneva	C	11	52	Milan	S	13	55	Singapore	F	30	86
Beirut		-	-	Gibraltar	F	17	63	Montreal	C	7	45	Stockholm	S	8	43
Belfast	F	8	46	Glasgow	S	6	43	Moscow	C	4	39	Strasbourg	C	10	50
Belgrade	C	8	46	Guernsey	S	8	46	Munich	R	8	46	Sydney	R	18	64
Berlin	R	8	46	Helsinki	F	4	39	Nairobi	F	27	81	Taipei	F	26	79
Biarritz	S	15	59	H. Kong	C	21	70	Naples	F	15	59	Tangier	S	19	66
Bombay	S	30	86	Innsbruck	F	8	46	Nassau	F	26	79	Tel Aviv	C	14	57
Bordeaux	C	14	57	Inverness	F	5	41	New Delhi	S	24	75	Tenerife	S	22	72
Brussels	C	8	46	Islamabad	F	25	77	New York	C	8	46	Tokyo	F	16	61
Budapest	F	8	46	Istanbul	S	10	50	Nice	S	16	61	Toronto	F	8	46
B. Aires	F	23	73	Jakarta	R	32	90	Nicosia	T	18	64	Tunis	F	18	64
Cairo	F	20	68	Jersey	F	11	52	Oporto	C	12	54	Valencia	S	30	86
Cape Town	S	23	73	Jo'burg	F	21	70	Oslo	S	5	41	Venice	S	12	54
Caracas	C	28	82	Lima	F	24	75	Paris	F	12	54	Vienna	C	11	52
Casablanca	S	19	66	Lisbon	S	17	63	Peking	S	13	55	Warsaw	F	16	59
Chicago	C	-1	30	London	C	11	52	Prague	R	7	45	Washington	C	8	46
Cologne	C	11	52	Los Angeles	F	11	52	Reykjavik	S	-3	27	Zurich	R	7	45
Copenhagen	R	5	41	Luxembourg	D	7	45								
Corfu	S	18	64	Madrid	S	18	64								
Dallas	C	11	52	Majorca	S	17	63								
Dublin	F	7	45	Malaga	S	17	63								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Battle for Jalalabad takes heavy toll

Continued from Page 1

(ISI) which ran counter to the judgment of many mujahideen commanders.

The plan was to take Jalalabad within two days, reinforcing mujahideen claims to be in control of 90 per cent of the country and providing a base for a provincial government.

Initial fighting was successful, with the mujahideen quickly capturing several key posts, including Samarkhel, headquarters of the Kabul regime's 11th Division, the lynchpin of its defences. Commander Noor Haq, from the National Islamic Front of Afghanistan's guerrilla forces, which spearheaded the attack, said: "The regime just fell back and left."

Half-eaten meals lie as evidence of the suddenness of departure. Within four hours, the post was in mujahideen hands, the guerrillas falling to *the ground* and *praying before* advancing to the airport, where government forces have so far held them off.

However, the airport and the gates to the city have proved harder to penetrate. The regime sent in reinforcements from Kabul, including the elite presidential guards, and started intensive bombing.

Worse is expected. The mujahideen broadcast warnings over loudspeakers while the regime air-drops leaflets telling people to evacuate the city. Hasan Khel says. "We have given plenty of notice for people to leave. *Up till* now we have just been attacking military installations; anyone who is still left must be Communist supporters who deserve to die."

But leaving is not easy – the road to Pakistan has been under heavy bombardment since before the weekend.

ACCOUNTANCY COLUMN

National merger wave starts international ripples

By Richard Waters

A WAVE of national mergers is sweeping through Europe's accountancy professions. The implications of this wave, which is picking up pace as it develops, are likely to be profound for the future of all the main international accountancy businesses.

Put simply, several European countries are seeing the emergence of a small number (no more than four) of dominant accountancy firms. This is being achieved through merger as the national industries restructure.

The implications for the leading international accountants (of which there are eight) are profound. Simple mathematics suggests that at least half of the big international firms will be left weak in each country. For businesses which make their living out of serving an international client base, this presents severe dangers.

The latest country to experience the merger wave is Sweden. Last month the largest Swedish firm, Ohrlings, announced a merger with Reveko, another leading Swedish accountancy practice.

Combined, the two will audit more than a third of the companies registered on the Stockholm Stock Exchange and over-the-counter market. They will also act for about a third of the 200 top Swedish companies. The combined firm will be about two thirds larger than the next biggest firm.

This is a dominant market position in anyone's book and is motivated entirely by local rather than international considerations. But the international result is profound: Coopers & Lybrand, of which Ohrlings is a member, will dominate in the country while KPMG, of which Reveko has been a member, will find itself without representation there.

The Ohrlings/Reveko move follows a merger between the national member firms of Arthur Young and Ernst & Whinney last year. This marriage left Ernst out in the cold, though a some staff opted to stay apart from the merger to handle Ernst's work.

International considerations have driven national accountancy firms to link up with international groups: the next step is likely to be the sucking in of the firms with substantial client bases which remain outside the Eight.

The implications of losing ground in a country like Sweden should be put in perspective.

On one hand, a presence there secures a client base of Swedish companies, many of which are active internationally. Since all the accountancy firms are currently in the business of building a strong international client base, they cannot afford to ignore a country which has more than its fair share of the world's leading companies.

On the other hand, relatively few companies based elsewhere see Sweden as a crucial link in their international chain. Lack of a substantial presence there hardly undermines a firm's claim to have a comprehensive international network.

Much the same could be said for the Netherlands, where a similar shake-up has already been completed. Three firms now stand out ahead of the rest: Klynveld Kraayenhof (associated with KPMG), Moret & Limperg (Arthur Young) and Van Dien (Deloitte Haskins & Sells).

This follows no less than five mergers in the past two years – although the big three were among those which dominated the profession in the past.

Of more significance than these developments is what happens now in two key European countries: France and West Germany. If experience elsewhere is any indication, then some significant shifts are on their way.

The first signs of stirrings have been felt in West Germany. Treuarbeit, an independent-minded firm that has had a "cooperation agreement" with Price Waterhouse for around five years, has decided to merge with Treuhand Vereinigung, which is part of Coopers & Lybrand.

This leaves PW out in the cold – although it has its own, smaller practice in West Germany to fall back on.

The Trenarbeit/Treuhand Vereinigung merger is likely to provoke other moves in the German market. The firm will overtake the established market leader, Deutsche Treuhand (part of KPMG), and will be more than twice as big as the next-largest firm, linked to Arthur Young.

This position is unlikely to persist and is expected to provoke further mergers as other firms seek to strengthen their position within West Germany.

The other country where a further concentration is likely in the near future is France. As in West Germany, a large proportion of leading companies – perhaps as many as a quarter – are audited by accountancy firms outside the international magic circle of the Big Eight.

International considerations have already driven national accountancy firms to link up with international groups in recent years: the next step is likely to be the sucking in of the firms with substantial client bases which still remain outside the Eight.

France provides an important warning: that size is not the most important consideration when rating the relative strengths of firms.

In fee income terms, the profession is dominated by Fiduciare de France (linked to KPMG). But one of the largest client bases of leading French companies is that of Befec, a relative minnow. A glance at the fee income-based surveys in the professional press (such as that recently in International Accounting Bulletin, which shows Fiduciare to be about 13 times larger than Befec) gives no indication of this.

Befec is linked to the international group BDO Binder: like another firm with a substantial client base, Salustro, it is now the subject of many covetous looks from the Big Eight.

Looked at as a whole, which firms are coming out on top in this reshuffling of the pieces in the European jigsaw?

"It is swings and roundabouts," says the man responsible for building the European operations of one of the majors. Perhaps: but a discernible pattern could be emerging. Alongside KPMG, the names most frequently being seen are those of Coopers & Lybrand and Arthur Young. Any alignment of European firms around these groups, or around any nucleus of the Big Eight, could be a sign of changes to come.

Most firms are operating on the same strategic plan, which is to balance their firms on three legs – North America, Europe and the Far East. Any network will be as strong as its weakest link. Hence no one wants to get left out in the scramble for Europe. Such considerations could help push the big firms into the sort of mergers which they have talked of but held back from for most of the 1980s.

Europe is now a significant element of the accountancy firms' business and is likely to become more so. Mr Jacques Manardo, the French chairman of Touche Ross' European board (a rare animal in being one of the only non-Brits in such a position), points out that the US and European contributions to his group's earnings are now about equal: five years ago, the US was more than twice the size.

This gives M Manardo and his counterparts at other firms much greater say in how their groups are run. Such a significant shift in power will change the direction of international firms.

ACCOUNTANCY APPOINTMENTS

Taxation Manager

London *c.£35,000 + benefits*

Our client has assets of £5 billion and faces exciting commercial challenges over the next decade. In order to meet these challenges, the level of in-house tax expertise is to be upgraded significantly and a new corporate department established.

Reporting to the Treasury Manager, your responsibilities will include the establishment of compliance procedures, the provision of taxation advice to Senior Management on the implications of the new organisational structure, and the development and implementation of effective taxation policies to support the growing business.

You will either be a Chartered Accountant with tax qualifications or a Tax Inspector with good commercial experience. You will combine technical taxation expertise with the necessary drive and enthusiasm to cope with a rapidly changing situation.

The remuneration package will include a quality car and membership of an excellent pension scheme.

Please reply to Martyn Sloman in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 5220/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL.

Appointments Advertising Appears on Wednesday and Thursday £49 s.c.c Premium Positions £59 s.c.c

Financial Controller
Fund Management

London W1 **£40,000 + benefits**

This is an exciting opportunity to join a small but highly successful team of fund managers, with impeccable credentials and major growth plans.

Reporting to the Managing Director, you will be responsible for all financial, administrative and computer aspects of the company.

You will have a good degree, a chartered accountancy qualification and will probably be in your *late 20's to early 40's.* You will now be looking for a chance to utilise your breadth of skills in a small and dynamic company.

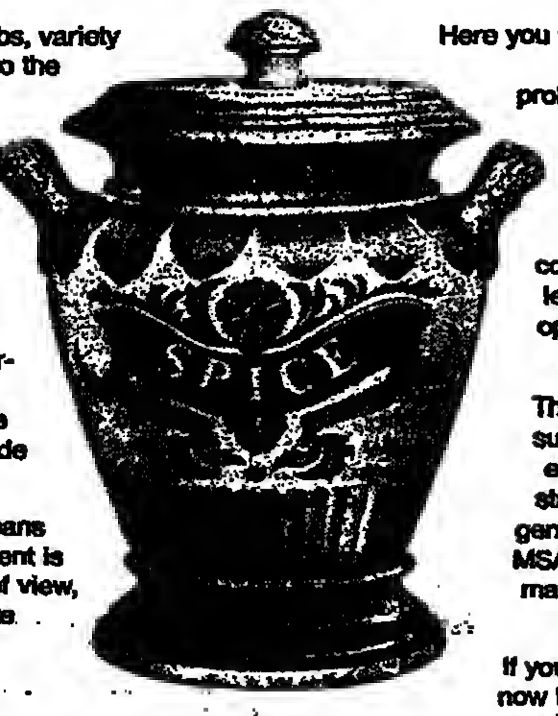
You must have a proven record of success at a senior level, in a fast-moving environment, preferably in financial services. You will be adept at handling and developing computer systems, a meticulous administrator and be able to handle compliance with regulatory bodies.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref 3017, to Bruce McKay, Executive Selection Division.

Touche Ross
Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB.
Telephone: 01-353 7361.

SYSTEM ACCOUNTANTS; LONDON c£35,000 + car

Variety is the... of life.



When it comes to changing jobs, variety of work content comes close to the top of most people's list of considerations.

Other top contenders are most likely to include achievement-linked reward and searching intellectual challenge.

At Touche Ross Management Consultants we not only understand these requirements but believe we are in the fortunate position of being able to provide them.

Furthermore, rapid growth means that opportunity for advancement is genuine. And from our point of view, desirable. Perhaps the ultimate meritocracy!

So why not take a look at us? We need high calibre **Chartered Cost & Management or Certified Accountants** to join us as senior or principal Management Consultants working on a wide range of business projects.

At Touche Ross you would participate at the leading edge of developments, with small professional teams of proven specialist ability.

Here you would be involved on both private and public sector problem solving assignments.

Aged 28-35, dedicated and ambitious, you are currently with a large multinational (or major consultancy) and possess at least 5 years' experience of operating and implementing large accounting systems.

This should be supported by successful line management experience, a sound understanding of one of the major general ledger packages (e.g. MSA) including familiarity with mainframe and minicomputer applications.

If you believe your future could now benefit from a more highly spiced challenge please make contact.

Your cv will be treated in total confidence and should be directed to:- Michael Hurton (Ref. 3003/F). Touche Ross Management Consultants, Thavies Inn House, 3-4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

Touche Ross
Management Consultants

Senior Accountants with Occidental

London Based *c. £25,000*

Occidental Petroleum (Oxy) is a major US based energy corporation employing some 51,000 people worldwide and with an annual revenue of 19 billion dollars. Internal promotion, reorganisation and the introduction of a new and advanced IBM based general ledger system have created vacancies in the following key areas.

Project Accounting

The main thrust of this position will be to analyse existing and new accounting practices in order to optimise the use of the new accounting system and ensure the highest possible accounting standards are maintained. Working in close liaison with finance management this position will also undertake project assignments and ad hoc reviews covering all areas of OXY's UK accounting activities.

Candidates must be proven communicators who are able to maintain a clear overview of objectives within a busy highly computerised environment. Formal qualifications should be supported by relevant experience, a mature outlook and the ability to lead by personal example.

General Accounting

This wide ranging role covering the monitoring of accounting and commercial activities within OXY's European trading and treasury companies, provides an unrivalled opportunity to become involved in a high activity role with international exposure. A significant volume of complex transactions are involved which require constant monitoring in order to ensure accuracy of accounting data.

Candidates will prepare consolidated financial accounts on both a US and UK basis and must have the temperament to cope with tight deadlines. A formal qualification is essential, supported by experience of the latest computerised accounting techniques, spreadsheets etc.

Oil & Gas Accounting

You will provide accurate and meaningful financial and management information relating to the commercial activities of the UK North Sea group of Companies. As a key member of a small group of professional accountants; this will involve the production of monthly and annual reports and records to strict deadlines. This is a highly visible position in OXY's core business and requires a formal qualification and broad accounting experience, ideally gained in a relevant industry.

All positions offer salaries in the region of £25,000 and will involve limited travel within the UK. The normal benefits apply and there are definite opportunities to substantially broaden your career horizons within an expanding and progressive organisation.

Please send full career details to:

OXY

CLYDE SORRELL,
EMPLOYEE RELATIONS DEPT.,
OCCIDENTAL INTERNATIONAL OIL INC.,
16 PALACE STREET, LONDON SW1E 5BQ.

WOODCHESTER INVESTMENTS p.l.c.

Woodchester Investments p.l.c., the fast growing financial services Group wishes to fill a number of prestigious positions which have arisen in the holding Company and in Trinity Bank Limited, its recently acquired merchant banking arm. These opportunities, which are a result of continued Group expansion and development of services, will suit highly motivated professionals who wish to progress their careers in an exciting and challenging environment.

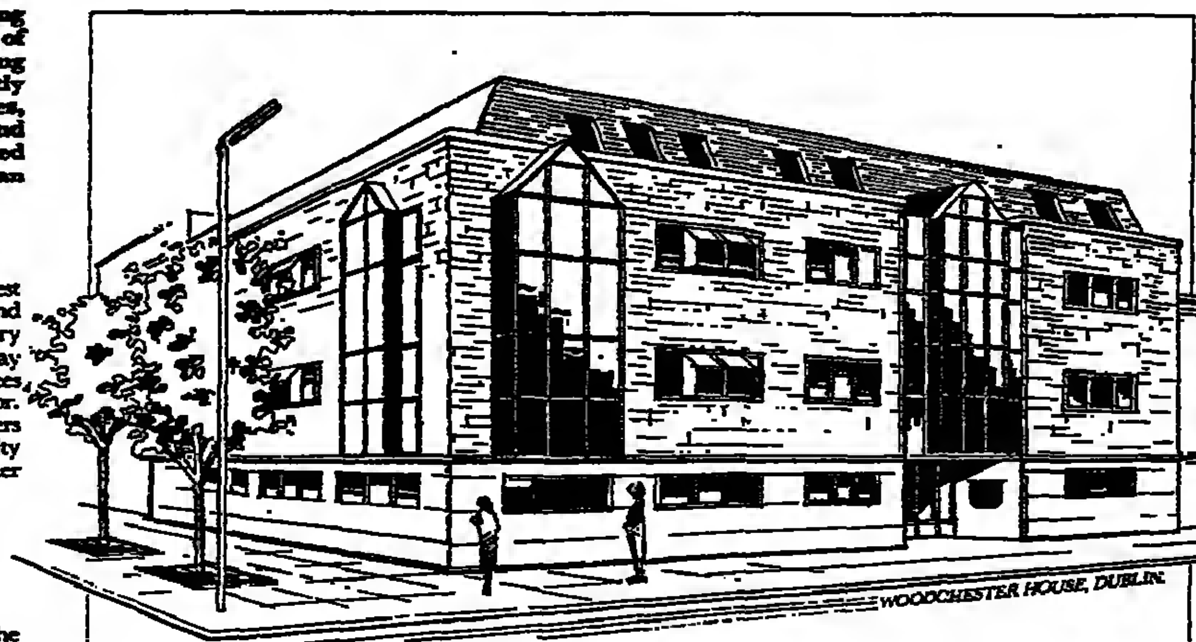
GROUP CORPORATE TREASURER

The successful applicant will carry responsibility for Interest Rate Management, Currency/Balance sheet exposure and Liquidity Management across the Group's subsidiary organisations in Ireland and the UK. The person will also play an important role in resource gathering and marketing of services to depositors. The position reports to a main Board Director. Applications are invited from suitably qualified practitioners who currently hold a relevant senior position in a quality organisation. Familiarity with financial markets, computer systems and regulatory guidelines are prerequisites.

LENDING DIRECTOR - Trinity Bank Limited

Trinity Bank Limited, the merchant Banking arm of the Group is seeking to appoint a Lending Director. Reporting to the Bank's Managing Director, the appointee will be responsible for all lending operations of Trinity Bank. The role will include advising corporate finance clients and involvement with the strategic development and expansion of the Woodchester Group thereby working closely with the Group Board and Chief Executive.

Applicants who will have a broad range of experience in Banking together with a relevant professional or post graduate business qualification, must be able to demonstrate considerable depth of experience in Business Development, Corporate Finance and Strategic Planning in the financial sector.



GROUP FINANCIAL CONTROLLER

Reporting to the Group Finance Director, the successful candidate will have responsibility for all the financial control and accounting functions within the Group. This will entail working with the Financial Controllers of subsidiary companies to ensure that Group accounting policies are implemented and that financial reporting is carried out to the highest standard. Participation in the day-to-day management of the Group as part of a small senior management team forms a key part of the brief.

Candidates should be qualified accountants who have previous experience at a senior level, ideally in a group context. They should be capable of contributing to financial policy development and be able to demonstrate positive leadership qualities.

BUSINESS DEVELOPMENT MANAGER - Trinity Bank Limited

The Business Development Manager will join the existing team to promote the full range of banking services. Candidates should have a background in banking with a minimum of two years lending experience – preferably corporate lending – and a degree or other appropriate qualification.

The position will report to Bank Director level and requires the ability to assess credit together with the skill, personality and self confidence to market the Bank's services in a professional manner. Suitable candidates are likely to be in the mid-twenties/ early thirties age range.

These positions offer attractive salaries and first-class fringe benefits.

Applications should be addressed to: Frank Cunnane, Director, Trident Management Consultants, 4 Fitzwilliam Sq., Dublin 2, or telephone him for a confidential discussion on 0001-619796.
Trident will not release any details of applicants to Woodchester without prior permission.

FINANCE DIRECTOR

S. Yorks c.£30k+full benefits

Our client, a profitable contract engineering company, is currently preparing for flotation in the short to medium term.

To facilitate that preparation and to help maximise subsequent growth and profitability a Finance Director is required, capable of making a major contribution to strategic planning and operational efficiency.

The successful candidate will be a qualified accountant with strong professional and commercial skills who is familiar with the reporting requirements of a PLC.

The potential for personal and career development is considerable for a person capable of blending creativity, initiative and assertiveness with sound team working skills.

Please send personal and career details quoting reference F/469/B to Paul Bailey.

Ernst & Whinney
Executive Recruitment Services
Lowry House, 17 Marble Street, Manchester M2 3AW

Director of Finance

West of London

c£40,000 Package + Car

Our client is the UK subsidiary of a leading US group within its specialist sector of developing, manufacturing and marketing material handling and electronic control equipment.

Situated on the outskirts of London, the UK company has almost doubled its level of activity to c£10m t/o over the last two years and is poised to rapidly achieve £25m t/o by the introduction of new product lines and expansion into Europe.

Due to these fast moving developments and achievements, based on a blue chip customer base, the company now seeks a positive individual to join the Management Team as Director of Finance to provide both sound financial expertise and commercial direction to the business at a senior level.

Candidates should be qualified accountants, age indicator 34–42, who have a strong track record of achievement in their career to date coupled with a general management outlook. Experience gained within the manufacturing sector is desirable but not essential, however enthusiasm, energy and the ability to take the initiative in commercial decision making are vital.

Please telephone or write enclosing full curriculum vitae quoting ref: 315 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572
Fax: 01-925 2336

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Elliott

FINANCIAL DIRECTOR – (DESIGNATE)

With an annual turnover in excess of £100m, the Elliott Group of Companies' activities include construction, commercial and residential development. Due to sustained growth, the group seeks to appoint a Financial Director to subsidiary companies, J A Elliott (Plant) Ltd and J A Elliott (Joinery) Ltd.

The successful applicant will be a qualified accountant, probably in his – or her – mid 30's capable of demonstrating a high level of commercial acumen, and with the ability to make a substantial contribution to the future development of the Plant and Joinery Companies working within the Elliott Group.

In addition to reporting to the subsidiary boards, the successful applicant will liaise with the Group Financial Director and may become involved with other Group functions. Based in Bishop's Stortford, Hertfordshire, the position offers a first-class salary and range of benefits commensurate with an appointment at this level.

Please apply in writing enclosing a current cv to:

G M Thurley FCA
Group Financial Director
The Elliott Group of Companies
Twyford House
Bishop's Stortford
Hertfordshire
CM22 7PB

Building on a reputation
An Equal Opportunities Employer

FINANCIAL CONTROLLER

North-West
Package up to £35,000

OUR CLIENT is an autonomous subsidiary of a large international group employing over 700 with a turnover in excess of £130m. Following a recent restructure the company wishes to appoint a Financial Controller. You will report to the Finance Director along with the Manager of Information Systems and the Company Secretary. You will have overall responsibility for the total accounting function managing a team of 20 covering all aspects of finance.

To apply you should be a Chartered Accountant, preferably with experience in a large company environment. An ability to present formally and communicate at all levels is essential. This senior position will make a positive impact on company performance.

The company offer excellent career prospects along with an attractive remuneration package up to £35,000 together with the normal large company benefits plus relocation assistance where applicable.

To apply please send full career details, together with current salary, or telephone for an application form to Tim Smith, Ref: 2859/TMS/FT, PA Consulting Group, 4th Floor, Fountain Court, 68 Fountain Street, Manchester M2 2FE. Tel: 061-236 4531

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage
Executive Recruitment · Human Resource Consultancy · Advertising and Communications

Finance Manager

(with general management involvement)

MILTON KEYNES; from £25,000 p.a. + car, BUPA, non-contributory pension, share-save, relocation package

Career routes open to Senior General or Financial Management

THE POSITION
Managing the whole financial function for a complex, fast moving retail operation of over 100 Company owned petrol filling stations, annual turnover £80m+.

This requires:-

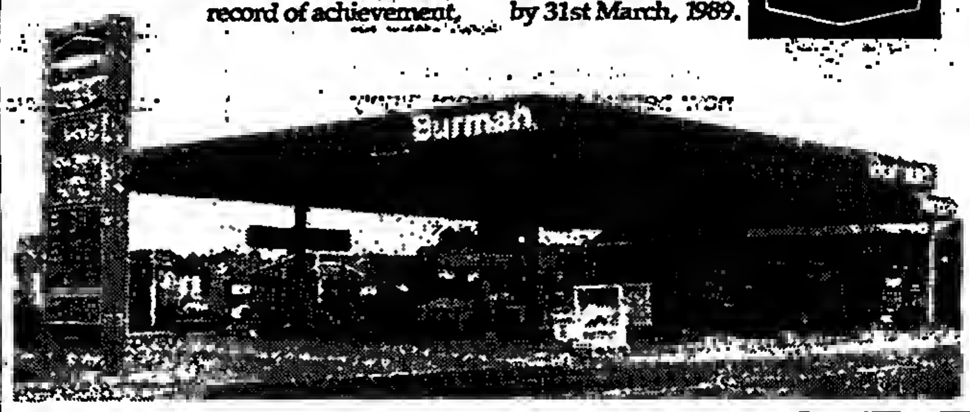
- organising and managing the accounts department, with a staff of twelve.
- ensuring all financial reports and controls are promptly delivered and tightly implemented.

THE PERSON
A fully qualified accountant, with an excellent track record of achievement, preferably in retail businesses, where you managed a heavy flow of cash and credit card transactions, and controlled a large and varying bought ledger.

Plus you will be a proven man-manager, with senior general management potential.

INTERESTED?
Send your c.v. to Liz Patterson, Personnel Department, Burmah Petroleum Fuels Limited, Burmah House, Pipers Way, Swindon, Wiltshire, SN3 1RE. quoting reference number BR2. All applications should be returned by 31st March, 1989.

Burmah



Financial Manager

Director Designate West London

The Company
A well-established and expanding company with 160 employees and a turnover of £15 million, backed by a world-wide organisation, providing a range of international engineering products to the petro-chemical and process industries throughout the UK.

The Task
Responsible to the Financial Director for the accounting and reporting function. Participating in a young management team in the planned development of the Company, as well as growth by acquisition.

The Candidate
Will be 30 plus, a qualified chartered accountant with some commercial and management experience, good interpersonal skills and the drive, innovation and ambition to become a board member.

Our Offer
The importance of the position is reflected in the salary and comprehensive range of benefits which include company car, pension, profit sharing, private medical insurance etc.

Apply: Personnel Manager, George Meller Limited, Orion Park, Northfield Avenue, Ealing, LONDON W13 9SL. Tel: 01-579 2111.

George Meller Limited

VENTURE CAPITAL MANCHESTER

GMED is a significant provider of Venture and Development Capital in Greater Manchester. We provide funds for start-up, expansion and management buy-out, typically in a range from £25,000 to £500,000. In addition to our existing £5 million + fund we are currently raising substantial additional resources to enable us to expand our investment activities, as a part of the process of assisting local enterprise to achieve profitable growth from sound financial bases.

To meet our targets for growth, we require additional professional support. Preference will be given to chartered accountants aged between 25-30, with at least 1 year p.q.e., who can demonstrate a good academic track record.

We offer an attractive remuneration package, and experience which will provide an excellent grounding for a career in the venture capital industry.

Please write, enclosing a detailed C.V. to:
I M Bolton, Director of Finance,
GMED Limited, Bernard House,
Piccadilly Gardens, MANCHESTER M1 4DD

GREATER MANCHESTER

Our client is a Music Industry Organisation with an enviable reputation within the Entertainment Industry. The company's activities have increased dramatically which has created an immediate need for the appointment of a:

W1 Location COMPANY ACCOUNTANT circa £24,000

who will be based in their Head Office located in the West End.

Reporting directly to the Chief Accountant the appointee, who must be a fully qualified CA, ACCA or ACMA will assume responsibility for the supervision of nine staff and provide Management with financial information.

Ideally candidates should have a working knowledge of Money Markets, VAT Returns, Company Pension Schemes and have had some experience of Personnel matters.

The company has its own IBM Mainframe (System 38), it is essential therefore that candidates have a broad experience with computers.

In return, the company offers an excellent remuneration package and a genuine opportunity to develop within a successful organisation.

To apply for this appointment, please send your CV to LIONEL ROSE or telephone him at his office. If daytime contact is difficult, please call him after 8.30pm on 01-954 4321 for a confidential discussion.

BARCLAYS EXECUTIVE APPOINTMENTS
Morritt House, 58 Station Approach, South Ruislip, Middlesex HA4 6SA.
Telephone: 01-842 1218 (24 hours)/01-842 0676. Fax: 01-842 0286.

BARCLAYS

SOUTHAMPTON AREA FINANCE MANAGER

We are looking for a Manager with flair, drive and initiative to head up a small but busy accounts department. *He/she will report to the Board, must* have ACA/CIMA qualifications and be computer literate.

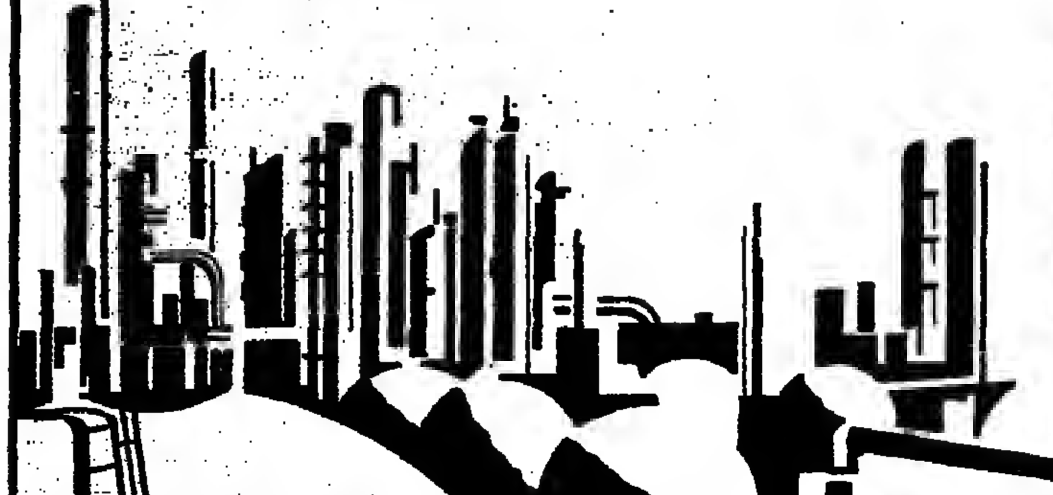
The remuneration package will reflect the importance of the position.

Please contact Mrs Robertson on 04895 82211 in the first instance.

ARCO Chemical Company

Qualified Accountants for Europe

Highly Competitive Salary plus Excellent Benefits



ARCO Chemical Company, part of the Atlantic Richfield Group, are a highly successful and profitable organisation whose turnover is in excess of $2 billion. Their innovative thinking and dynamic approach to business have *established them as world leaders in chemical* technology.

ARCO, Europe, operate from sales offices in Paris, Düsseldorf, Milan, Rotterdam, Barcelona and Dubai. They have production facilities in Belgium and the South of France, as well as a laboratory located in North Paris. ARCO's European head office is based in Maidenhead, near Windsor in the UK.

Continued expansion and commercial activity have created a number of opportunities for young French/Dutch-speaking professional accountants to establish their careers in the future of Europe.

These opportunities are

- **FINANCIAL ACCOUNTANTS** *Near Ghent, Belgium and the UK*
- **COST ACCOUNTANTS** *Provence, France*
- **PROJECT ACCOUNTANTS** *Provence, France*
- **PROJECT CONTROL MANAGERS** *Just north of Paris*

ARCO can offer unique worldwide prospects to individuals showing drive, flair and commitment to an international market.

For further details about these opportunities please phone Mr. Brett Melbourne, Managing Consultant, or write, enclosing your CV, to

MANAGEMENT PERSONNEL
51 High Street, Eton, Windsor
Berkshire, SL4 6BL, England
Tel: 0753 854256 Fax: 0753 841783

Management Personnel
RECRUITMENT SOLUTIONS

ACQUISITIONS/BUSINESS DEVELOPMENT EXECUTIVE

SURREY ▲ SUBSTANTIAL NEGOTIABLE PACKAGE + CAR

During the past four years, Parkfield has been transformed from a loss-making foundry with sales of £4 million into a profitable manufacturing and distribution group with 30 business entities and sales in excess of £300 million.

Parkfield's exceptional rate of growth has been achieved through a blend of acquisitions and the willingness to invest substantially in the rejuvenation and expansion of its business.

Parkfield is committed to the future development of its core businesses: foundries, aluminium wheels, steel pressings, engineering products and entertainment. In each of these sectors, the company is now market-leader in the UK and a growing force in continental Europe. The Group is also shortly to establish a presence in North America.

Parkfield's combination of vigorous, investment-led growth and frequent acquisitions (twelve in the last year) provides a challenging business environment.

We now wish to strengthen further our acquisition team through the recruitment of an individual well able to contribute strongly to the company's future development. Possibly — but not necessarily — a chartered accountant, you will be highly numerate with a sound grasp of business fundamentals. You should be able to demonstrate a proven record of achievement in your career to date, which will ideally have included some exposure to acquisition work.

You must be astute, have sound interpersonal skills, and cope well with pressure; some working knowledge of another language would be an advantage.

The substantial executive package is designed to attract applicants of the highest calibre: initial remuneration will not prove a limiting factor for the outstanding candidate.

Write in confidence to: Mr T A Elster, Director, Parkfield Group PLC, Longdene House, Longdene Road, Haslemere, Surrey GU27 2PH.

PARKFIELD
GROUP PLC

Outstanding prospects for a young, ambitious

FINANCE DIRECTOR DESIGNATE

North West c.£25K package, car

Our client is a well established, dynamic, successful medium sized company which has developed a strong position in the market place and an enviable reputation in the trade for the supply of household textiles/furnishings to blue-chip outlets. With exciting plans for further dramatic growth, organically and by acquisition and diversification, they need to appoint a Finance Director Designate.

Working closely with the directors, you will play a key role in the strategic development of the company, in addition to managing a small finance function and ensuring the provision of accounting and management control information to forecast and monitor performance.

Candidates must be young chartered accountants with commercial acumen as well as good technical skills. Experience in wholesaling, retailing or distribution would be helpful but is not essential.

Remuneration is as indicated with excellent reward and career prospects.

Please write in confidence to Peter Evans, ref: PCE/897.

KPMG Peat Marwick McLintock

Executive Selection and Search
7, Tib Lane, Manchester M2 6DS

Your standards can't be too high for us

Financial Controller
Enfield £25k + car + benefits

Belling is unique. The only cooker manufacturer holding the British Standards coveted BS 5750 award, we have set the industry's standards of innovation, construction and safety ever since 1912. Adaptability has always been a Belling hallmark too, and we're planning to project our special combination of technical innovation and quality workmanship into an even more successful future.

Planned growth calls for efficient *financial* control, and we now need a Financial Controller to join the close-knit Accounts team in our Enfield head office.

Reporting to the Finance Director, your principal responsibility will be to provide senior Management with the accounting information required by our external auditors. This will involve developing financial control systems sufficiently sophisticated to meet the changing demands of the competitive commercial environment in which we now operate.

Other important duties will include advising on capital investments, managing funds and loans and preparing a Company accounting manual. You will also control a purchasing budget.

Aged around 30, you must be a Chartered or Certified Accountant with at least three years' post-qualification experience in business or industry. Fit, well balanced and shrewd, you will excel at planning and at managing a small professional team.

Confident, able to influence but get on with others at all levels, you will enjoy using your initiative and professional skills under pressure.

If you possess the combination of qualifications, experience and attributes outlined above, and are already settled within easy reach of Enfield, you can look forward to considerable job satisfaction and a worthwhile future with Belling. Other rewards include a salary of at least £25,000, a car, free health insurance, contributory pension and 6 weeks' holiday after 12 month's service.

Apply now by sending your CV in confidence to Rod Smith, Company *Personnel Manager, Belling & Co Limited*, Southbury Road, Enfield, Middx EN1 1UE Tel: 01-804 1212.

Belling

Outstanding careers for Investigative Accountants

with an aptitude for treasury, trading and wholesale markets

£24,000 to £34,000 plus significant banking benefits
City based

We are looking for ambitious qualified accountants to undertake audits and investigations covering a wide range of investment banking, merchant banking and wholesale markets activities.

Relevant expertise in the audit of these activities is desirable, but not essential. Product training and familiarisation will be provided for less experienced candidates able to demonstrate the necessary aptitude. All candidates must have audit and investigation experience, strong analytical skills and commercial sense, and be able to communicate well with senior people.

After spending about two years in the Audit Department we envisage successful candidates will be promoted, possibly within the department, but most likely into line management outside audit to a front line banking role or operations/finance.

During that period of about two years, you will gain an in-depth appreciation of *Midland Montagu's* activities in London and throughout the world, including foreign exchange, money markets, hedging instruments, securities trading, M&A, venture capital, funds management and private banking. Additionally, there will be opportunities to undertake assignments in other parts of Midland Group, or participate in due diligence investigations or short term secondments to projects outside audit.

These opportunities are at two managerial levels and have been created by recent promotions which are in line with our policy that the Audit Department is an ideal point of entry for high calibre accountants into the business. In addition to the *salary and comprehensive banking benefits package* we are also offering a company car at the more senior level.

If you are looking for a move which offers wide experience and career development, please send or fax your CV in confidence to: Bryan Gaunt, Head of Audit, Midland Group Audit – Midland Montagu, St. Magnus House, 3 Lower *Thames Street, London EC3R 6HA. Fax: 01-260 4838.*

MIDLAND GROUP

SUCCESSFUL INDEPENDENT HOSPITAL SEEKS FINANCIAL CONTROLLER TO MATCH.

After two years of dynamic growth, the London Independent Hospital is poised for a period of prosperous consolidation and is therefore looking for a Financial Controller.

We need a qualified accountant with EDP skills, commercial experience, enthusiasm and initiative.

The initial salary is £26,000, plus a benefits package which includes *private* health insurance.

As Head of Department, reporting direct to the Hospital Director, the successful candidate would take full responsibility for a department of 10 and would participate fully in the *running of this vital and successful organisation.* If you'd like to play your part, call Andrew Carpenter, Group Finance Director on 01-790 0990 for an interview.

London Independent Hospital

1 BEAUMONT SQUARE, STEPNEY GREEN, LONDON E1 4NL.

ALLIANCE LEICESTER
Estate Agents

Financial Controllers

Sussex & Northamptonshire £30,000 – £35,000 + F/X Car + Bens.

Our client is a wholly owned subsidiary of the Alliance & Leicester, one of Britains most successful building societies. Continuing its well proven track record of expansion and innovation, the Group has recently set up a property services business which is now one of the fastest growing in the UK. Growth has been both organic and through acquisition and exciting plans exist to develop this building into one of the leading property services groups countrywide.

This progressive approach has resulted in the requirement for two Financial Controllers to become key members of small, senior management teams.

FC – Northants

Reporting to the Managing Director of the Midlands region, you will be responsible for setting up an accounting and finance function and all relevant systems for this new, rapidly developing business. As well as building a department and recruiting a team, there will be every opportunity to provide commercial input and guidance to the businesses future development. Responsibilities will also include identifying and analysing potential acquisition targets.

FC – Sussex

This position, reporting to the Regional MD, is responsible for controlling the finance function of an established but expanding business. Initially, whilst managing a small team, the position will be responsible for overseeing the production of financial and management accounting information together with systems development. In addition an important function will be playing a strategic role in steering the organisation's future development, through organic growth and by acquisition.

Both of these positions offer exciting career opportunities for young, commercially minded, qualified accountants (*ACA/ACCA/ACMA*). Successful candidates are likely to be aged between 28 and 35 who can demonstrate commercial awareness, excellent communication skills and a positive, confident personality combined with a sound technical background.

Attractive remuneration packages will be offered with flexible salaries to ensure we attract the best, with relocation assistance, fully expensed company car etc. Career prospects are first class.

If you believe you have the drive and determination to succeed in either of these excellent opportunities, contact Tim Forster on 0372 375661 (Fax 0372) 370101 or write to him at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Directors

£100,000+

- Coopers & Lybrand Executive Resourcing Limited is an independently managed executive search organisation with a wide range of clients in all business sectors.
- We are frequently retained to advise clients on top level financial appointments in the UK and internationally.
- If you are considering a move in the coming year, I would be interested to hear from you.
- Absolute confidence is guaranteed.
- Please telephone or write only to: John Robins, Chief Executive, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.
- Tel: Daytime 01-606 1975 Evenings or weekends 024024 3007.

Executive Resourcing | Coopers & Lybrand

Develop your career in Financial Risk Management

Rolls-Royce plc is a world leader in the design, development and manufacture of gas turbine engines for a wide variety of civil, defence and commercial applications.

Increased business activity and internal promotion have now created a career opportunity for an experienced finance professional in our Treasury function at Company headquarters in Derby.

You would join an established team responsible for the administration and control of the Company's financial resources. Current knowledge of the foreign exchange and capital markets will allow you to play a senior role in the use of a wide range of financial instruments.

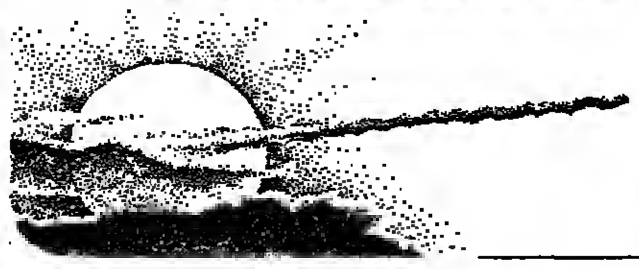
Applicants should have relevant experience in treasury, banking or financial services; possess a degree or professional qualification and be thoroughly conversant with U.K. and international financial institutions.

The position, whilst based at Derby, will involve visits to London and other financial centres.

The remuneration package and the range of benefits reflect the importance of this appointment. Where necessary, financial assistance for relocation is available.

Please reply in writing enclosing a comprehensive curriculum vitae to Charles Harrison, Management Development Executive, Rolls-Royce plc, PO Box 31, Derby DE2 8BJ.

We are an equal opportunities employer.



ROLLS ROYCE

ROLLS-ROYCE plc

RSGB
FINANCE DIRECTOR

N.W. London **c£35,000 + Bfts**

Research Surveys of Great Britain Limited (RSGB) is one of Britain's leading market research agencies, specialising in ad hoc surveys in the consumer market and is a member company within AGB Research plc. Growth has been continuous over the last five years, a consistently high percentage of it coming from new clients.

The company seeks a commercially orientated accountant with significant systems development experience to take responsibility for all aspects of control and reporting: short and long term planning and the financial input to business decision-making.

Applicants should be qualified accountants aged 28-38 with good leadership and communication skills and the ability to make a strong commercial contribution within a stimulating and demanding environment.

For further information please contact D.E. Shribman or write to him at the address below.

HUDSON SHRIBMAN
VERNON HSE·SICILIAN AVE·LONDON WC1A 2QH·TEL: 01-831 2323
FINANCIAL RECRUITMENT

International HQ Financial Management Opportunity

Ambitious Qualified Accountant

c.£30,000 + car + substantial benefits
Central London

financial SELECTION SERVICES

The Company
Our client is a large, profitable and expanding UK owned PLC with significant commercial worldwide interests. Quoted on several international stock exchanges including New York its progressive management style and clearly conceived marketing strategy has established it as a major international force.

The Appointment
This is an outstanding opportunity for an ambitious qualified accountant to join the small and highly active international headquarters finance function offering exposure to the latest computer systems and technology. Reporting to the Group Accountant, who reports to the Group Controller, responsibilities will include:

- Preparation of financial results and reports for presentation to the board
- Analysis of operating results and business plans
- Compilation of statutory accounts under both UK and US accounting principles
- Involvement in group structure reviews
- Support for presentations to city analysts and fund managers
- Research into accounting and other areas
- Ad hoc projects involving liaison with subsidiary management.
- Involvement in the development of computerised systems
- Staff supervision

The Person
For this important and challenging role we are seeking a qualified accountant aged 26-30 with a proven and impressive track record. You may come from the profession or industry and should have a confident personality, good communication skills with strong commercial awareness, a thorough technical understanding of accounting and management techniques and sound computer skills.

Future Prospects
Success in this high profile role will lead to a range of outstanding career development opportunities within the international headquarters or within one of the subsidiary companies.

For further details and a confidential discussion please contact Mark Masson C.A. on 01-387 5400 (out of hours 01-372 5952) or write to him at Financial Selection Services, Drayton House, Gordon Street, Bloomsbury, London WC1H 0AN.

MANAGEMENT CONSULTANCY
QUALIFIED ACCOUNTANTS

Central London **25-35 years** **£25-40,000 + Car**

This major international consultancy practice is experiencing dramatic growth, with increased demands for consultancy services from a wide variety of blue chip companies. In order to maintain expansion plans, they are seeking to strengthen their operations by recruiting into a number of key areas.

Working as part of a small team, you will be exposed to strategic issues at the highest level throughout a prestigious international client base. Emphasis is placed on a practical, hands-on approach, working closely with senior management on site.

Suitable applicants will be graduate qualified accountants – ACA/ACMA – with a track record of achievement in a blue chip environment. Either newly qualified or with several years' post qualification experience, your background may be in commerce, the profession or consultancy. In either case you will need to demonstrate first class interpersonal skills and an analytical approach to problem solving.

Interested applicants should telephone Shelley Kakar on 01-437 0464 or write, enclosing details, to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Group Financial Director

London W1 **Salary to £35,000 + car**

This is an exciting opportunity for an entrepreneurial accountant to join a small, very successful company in its early stages of development. Our client, a well respected and award winning Design Company, has undergone dramatic growth since its recent inception. Founded in 1983, the company has established itself as one of the market leaders in graphic design, specialising in packaging and corporate identity, and maintains an impressive portfolio of blue chip clients. They have subsequently identified the need for a Group Financial Director to lead them into the 1990s.

Reporting to the Managing Director this will be a 'hands-on' role involving responsibility for all accounting, legal and administration functions as well as being an active and contributory participant with regards future business growth and development including potential acquisitions.

Candidates should be qualified Accountants, aged between 28-32. They will be ambitious with a developed sense of commercial awareness, combined with the ability to fit into a fast moving and creative environment. The candidate should demonstrate the commitment necessary to implement an ambitious growth programme over the next five years.

Interested candidates, who meet this criteria should send a detailed curriculum vitae including current salary and daytime telephone number to Carol Jardine, quoting reference LM418 to Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FINANCE DIRECTOR
INTERNATIONAL DIVISION

Candle

WEST LONDON £40,000+ NEG, CAR, BENEFITS

We are the £35 million International Division of one of America's top software companies, and are the technical and market leaders in our field. We have offices and Distributors throughout Europe, Asia, and the Middle East.

As the top Financial member of our management team, you will have the opportunity to help manage our growth. Specific responsibilities include the establishment and monitoring of standardized financial policies and controls, managing the financial departments of oversea subsidiaries, and further improving the computerized accounting and management reporting systems.

Additionally, you have responsibility for the legal and administrative activities of the group companies, including assisting in Distributor Agreements, liaison with outside legal counsil, and managing the contracts department. Travel worldwide is approximately 25%.

The successful candidate will have at least five years in *financial management,* including managing at the headquarters level.

This is a challenging position with a fast growing company. *We offer an attractive package including a* revenue based bonus program, medical and pension benefits.

Please send an up-to-date CV to:

Dan Almour, CANDLE SERVICE LTD, Swan Gardens, 10 Piccadilly, London W1V

FINANCIAL CONTROLLER

Hi Tech IBM authorized computer dealer requires company accountant to manage its rapid growth situation. Ideal candidates will have a university degree, qualified or expect to qualify soon, spread sheet abilities, and capable of coping with full financial responsibility with a staff of three. Willingness to work in a team environment with an enthusiastic desire to help us reach our goals. We have averaged 110% growth over the last 4 years and looking to turnover 10 million this year.

Salary negotiable for the right person. Many benefits. For more information call Harry Goldwater MD on 01-528 0425 or send C.V. to

Professional City Computers
2 Paul Street
London EC2A 4JH

ACCOUNTANT/ COMPANY SECRETARY GOOD SALARY AND BENEFITS INCLUDING CAR, PRIVATE MEDICAL SCHEME, EXCELLENT PROSPECTS

A rapidly expanding private company operating from London NW4 and specialising in the marketing of electronic publishing equipment requires an experienced Accountant/Company Secretary. Reporting to the Chairman and Board, the appointee will be responsible for the financial control within the company preparing budget/projections, cash flows, monthly management and year end accounts plus all legal matters. "Hands on" computer experience is essential for the position. There is a probability of a Broad appointment within 2/3 years.

Applicants must be qualified accountants. Age will be no barrier to the appointment (38-50 preferred).

Please reply with full C.V. to:

Box A1176, Financial Times, 10 Cannon Street, London EC4P 4BY

UNIVERSITY OF DUNDEE

MATHEW CHAIR OF ACCOUNTANCY AND INFORMATION SYSTEMS

Applications are invited for the above chair in the Department of Accountancy and Business Financial, which is currently expanding and is strongly committed to research. The successful applicant will be an active researcher and will be expected to participate in the leadership of research teams and to direct the development of a new degree initiative in the area of accountancy and information systems.

Further particulars from, and applications in writing with C.V. (8 copies or, if posted overseas, one copy in a format suitable for photocopying) and the names and addresses of three referees to, the Personnel Office, The University, Dundee, DD1 4HN. Please quote reference EST/12/89/FT. Closing date: 7 April 1989.

A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and succinct presentation.

InterExec not only provides career advice, but also a unique service to bridge the critical gap between counselling and the right job.

Why waste time and money on unproductive letters?

InterExec clients do not need to find or apply for appointments. Over 40 full-time staff with over 5,000 unadvertised vacancies p.a. enable InterExec to offer the only confidential Executive placement service.

What is each unproductive day costing you?

For an exploratory meeting without obligation, Telephone InterExec on 01-930 5041/7

InterExec

A member of the Career Development & Outplacement Division

Landseer House, 19 Charing Cross Road, London WC2H 0ES.

The one who stands out

LEGAL APPOINTMENTS APPEAR EVERY MONDAY

European Financial Controller

London c£50,000+Bank Benefits

Our client is the European Headquarters of one of North America's ten largest banks, with branches in the world's major financial centres.

The Bank has been established in London for over 100 years, and is an organisation committed to providing the highest level of expertise in a wide range of specialisations.

The London and European operations are diverse and include major representations in Corporate Banking, including Asset Based Finance, Commercial Lending, Real Estate and Specialised Finance.

In order to ensure that the increasing complexity of business is effectively managed, a new role of European Financial Controller is to be created, reporting to the Head of Operations.

The principal responsibilities will be to provide financial guidance and control in the development of the Bank throughout Europe, with particular emphasis on the following areas:–

★ Operational and Strategic Planning
★ Working closely with Profit Centre Managers to improve financial performance
★ Review and management of Legal Entity Structure
★ Financial Control
★ Risk Management
★ Advising on the development of new businesses.

There will be high level contact with Senior Management in London and Europe.

The successful candidate, qualified and ideally a Chartered Accountant, will have excellent practical experience at a senior level within a banking environment. The level of experience sought indicates a likely age range of 35-45. He/she will have a high level of enthusiasm and the ability to lead and motivate staff.

Interested candidates should contact Diane Forrester ACA on 01-831 2000 or write to her enclosing a comprehensive CV at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

CROWN HOTELS

Director of Finance

London c£40,000+Car+Benefits

Crown Hotels is one of the largest privately owned groups in the leisure sector. They have grown rapidly over the last five years as a result of progressive management and a series of carefully selected acquisitions to a turnover in excess of £30 million generated through a portfolio of 27 hotels.

As part of its strategy of continued expansion it has recognised the need to appoint a Director of Finance to play a key role in the development of the business. Reporting to the Managing Director the specific elements within a wide range of responsibilities will be the control of the treasury function and cash management; the maintenance and enhancement of both financial and management accounting systems and the provision of strategic planning resources.

The successful candidate, aged 33-40, will join a small team of forward thinking industry specialists who are seeking a strong contribution from someone who wishes to use broad based financial experience and entrepreneurial flair in a fast moving and challenging industry. A high degree of commitment and energy, the ability to identify and develop key aspects of the group strategy in an imaginative way and communicate these effectively at board level are essential.

Please write enclosing full career and salary details, highlighting your major achievements to Stephen K. Banks ACMA at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref. 2918, or alternatively, telephone him on 01-831 2000.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director Designate

'Shadow' NHS Hospital Trust

London **£35k plus leased car**

The recent Government White Paper 'Working for Patients' proposes that hospitals will be able to apply for self-governing status within the NHS. Our client, responsible for a distinguished teaching hospital, wishes to appoint a financial manager (Director Designate) to explore options and, if appropriate, guide the hospital to self-governing status. The initial role will be to:

- analyse cost structures, determine alternative options and advise on pricing and market strategies.
- lead one of the most developed clinical budgeting projects in the NHS.
- carry out option appraisals on major capital expenditure and advise on sources of finance and on land transactions.
- advise/implement information technology strategy.

Candidates will be qualified accountants or MBA's with a finance specialisation who have acquired excellent professional and analytical skills probably in consultancy, operational audit or financial analysis. The successful applicant will need to demonstrate an ability to adapt to the NHS culture and work with clinical and academic staff. Success in the initial role should lead to confirmation as Finance Director if the Hospital Trust is established. An attractive initial salary and benefits package is offered.

Write in confidence to John Gregory at John Courtis & Partners, Selection Consultants, 855 Silbury Boulevard, Central Milton Keynes MK9 3ND, demonstrating your relevance clearly and quoting 5190/FT. Closing date for applications is March 31st 1989. Interviews will be held in London and Milton Keynes. Our client is an equal opportunities employer.

John Courtis & Partners
Search and Selection

ANTONY DUNLOP
ACCOUNTANCY RECRUITMENT CONSULTANTS

CORPORATE FINANCE/M&A

London – £26,000 + car + benefits

Our client is looking for a recently qualified accountant or MBA.

They are an International British Group, turnover exceeding £200 million, marketing brand name products. Continued search for acquisitions to complement existing activities and participation in growth markets, has created a need to strengthen the Corporate Strategy Team.

An ambitious Special Projects Accountant is sought to assist with the Group's expansion plans. This will involve close liaison with subsidiaries, providing commercial and financial advice on Acquisitions, Expansion, Operational Management and Investment. It will cover a variety of projects, from instigation to final implementation. There will be the opportunity to travel to overseas subsidiaries.

A challenging career opportunity if you have the necessary ability and commercial acumen.

To apply, please contact Caroline Myzak at Antony Dunlop Ltd, 18 Jermyn Street, London SW1Y 6HP. Tel: 01-439 6171. Fax: 01-734 4571. Or call 01-385 4434 outside working hours.

LONDON AND AUCKLAND

FINANCIAL DIRECTOR

ADVERTISING

Central London **Early 30's** **c£35,000 + Car**

As a highly autonomous part of a top twenty advertising group, our client is continuing to develop its reputation as one of the most innovative London agencies.

In anticipation of an exciting period of strategic development and the continued growth of UK billings, there is an immediate requirement for a key individual to join the senior management team.

The Financial Director will be highly independent and will report to the operating company board. With complete responsibility for the financial and administrative functions, this individual will also provide the planning and commercial expertise that will allow them to make a positive contribution to the agency'a development.

In order to meet the demands of this position, the successful candidate will be able to demonstrate an impressive post-qualified track record within an advertising environment.

This role will appeal to an ambitious and confident Controller with the technical ability and interpersonal skills to make an immediate contribution, and grow with the company into the 1990's.

Interested applicants should telephone James Hyde on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

MANAGER – OPERATIONS & SYSTEMS REVIEW

Central London **26-29** **To £30,000 + Car**

This major multinational organisation, one of the largest and most prestigious names in the highly competitive f.m.c.g. sector, is committed to a policy of continued expansion.

This company has an enviable growth record with aggressive plans for the future. A key feature throughout this exciting period will be the implementation and maintenance of enhanced systems and high standards of execution and control.

An exceptional opportunity has arisen for a qualified accountant to play a key role in the development of internal controls. Reporting to the Financial Services Manager, you will be responsible for the identification and implementation of value added systems procedures, operational reviews, planning and co-ordination and a wide variety of assignments, both in the UK and abroad.

The ideal candidate will need to be computer literate and, in addition to excellent technical and interpersonal skills, have the initiative to report concisely and liaise effectively with both financial and operational staff. Previous audit experience, preferably gained within an international company, is essential.

Interested applicants should telephone Giles Daubeney on 01-437 0464 or write to him, enclosing a brief CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

ACQUISITIONS AND MERGERS SPECIALIST

City c. £33,000 + Subsidised Mortgage + Bonus + Car

Our client is a large, respected financial services organisation with ambitious and exciting future plans for diversification. During the next five years, complementary businesses throughout the U.K. will be added to what is already an enviably strong base. This new and important position, heading acquisitions and mergers, will play a vital practical role in the development of this growth strategy.
You will join a young management group which blends its considerable ability with dedication and enthusiasm for the business. You will have a proven high level of commercial awareness, enjoy challenge and be capable of precise judgement in an environment which demands that you will often have several projects running together. Although you may often work alone, you will have the ability to bring together and lead multi-disciplinary project teams during the acquisition and integration of new businesses.
The position demands someone of exceptional personal abilities, a teamworker who enjoys the challenge of change and growth. You will probably come from a merchant banking, acquisition broking, entrepreneurial industrial or accounting firm background. A graduate, probably between 28 and 35, you may have an M.B.A. and will probably possess a relevant professional qualification. Your excellent communication skills will enhance a shrewd business sense and the ability to seek out and pursue growth opportunities. The excellent remuneration and benefits package includes subsidised mortgage arrangements. Future career opportunities will be outstanding.

Please apply, in confidence, enclosing a full c.v., quoting reference L/909, to David Bannister

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Financial Controller

£35,000 prestige car + bonus

International Software has taken a unique stance in the rapidly growing Personal Computer market. It concentrates exclusively on the major corporations, banks etc and specialises in providing software and multi-level services to the "Information Centres" of these organisations which are charged with implementing PC strategy. Set up only 3 years ago it now employs 80 staff and has the backing of a Boston-based parent.

The new Controller will act as a Senior Manager in this young and growing company, based in **Brentford**. He or she will make many commercial decisions, monitor and report the financial activity to both the UK and US and ensure that the finance and MIS departments react quickly as the company expands.

Appropriate candidates should have substantial post-qualified experience and possess the drive and pro-active approach to thrive in this demanding friendly company.

For more information or a preliminary interview call **BILL CURTEIS** on

01-242 6321
75 Grays Inn Road, London WC1X 8US
(out of office hours **01-504 1329**)

PERSONNEL • RESOURCES
COMMERCIAL AND INDUSTRIAL DIVISION

MANAGER - INTERNAL AUDIT UK AND EUROPE

Leading Brands Around The Globe

Surrey to £35,000 Experienced Team Builder

Our client is the UK affiliate of an international food manufacturing and *distribution network. Businesses span* 47 countries and include a global range of best selling brands, many of which are household names. Increased group sales and share earnings are the result of a continued programme of worldwide acquisition, restructuring and product development.

Security and control have always been a priority. A recent initiative has resulted in the development of a European audit programme for which the UK Manager, Internal Audit will coordinate the thrust of activity in Benelux, Scandinavia, Ireland and the UK.

Particular challenges raised by this exciting opportunity include; establishing an audit schedule and, supervising/training staff to conduct the role with maximum integrity; developing the role in a European context, gaining respect and confidence from senior colleagues; ensuring compliance with *defined standards and providing technical* support and recommendations of consistently high quality.

To succeed in this pressurised and stimulating environment candidates will need exceptional inter-personal skills backed by tact, diplomacy and overt professionalism. Individuals will be self-starters with man-management flair. These qualities must also be supported by a degree, a chartered accountancy qualification, audit experience gained within a sizeable practice and at least 5 years further management experience, encompassing EDP audit, planning and appraisal skills. Fluency in a European *language would be an asset.*

Please write in confidence quoting reference P2046, to Hilary Douglas.

KPMG Peat Marwick McLintock

Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Technical Manager – Audit Development

City of London

ACAs 30-35 **to £30,000 + car**

Our client is a "top 10" international firm of chartered accountants in the City of London seeking to recruit an audit technical manager to take key responsibility for maintaining and developing the firm's audit procedures.

Reporting to a Senior Manager, the role will cover:- maintaining the firm's audit manuals; providing advice on auditing questions arising from ongoing client audit situations; developing the firm's auditing techniques in line with national and international guidelines; providing commentary on auditing "state of the art" for both internal and external publications.

Candidates (male or female) should have at least two years' experience of auditing post qualification in a large international practice and ideally at least a further two years' experience of technical matters in a large firm's technical department, an accounting institute, a University/Polytechnic or in an Intensive Tuition company.

For more information, please contact **George Ormrod B.A. (Oxon)** on 01-836 9501 or write with a copy of your C.V. to **Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS, quoting reference no. 2915.**

DOUGLAS LLAMBIAS

Financial Controller

Central London

ACAs/ACMAs/ACCAs 30-45 **to £33,000 + car**

Our client is the Financial Services Department of a "top eight" international firm of chartered accountants seeking to recruit a Financial Controller to take responsibility for all non fee-earning aspects of the Department's work.

Specific aspects of the role include:– the establishment and maintenance of a centralised billing system, credit control, preparation of budgets for the Department and sub-groups, monitoring actual performance versus budgets, recruitment administration both professional and secretarial, establishment of a client data base, management accounts, administration of resources – accommodation/secretarial/postal/stationery etc.

Candidates (male or female) should ideally have a combined administration and finance background gained in commerce/industry or public practice/legal environments.

For more *information*, please *contact* **George Ormrod B.A. (Oxon)** on **01-836 9501** or write with a copy of your C.V. to **Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS, quoting reference no. 2916.**

DOUGLAS LLAMBIAS

BIRMINGHAM 021-233 4421 DUBLIN 608620 EDINBURGH 031-225 7744 GLASGOW 041-226 3101 LONDON 01-836 9501 MANCHESTER 061-236 1553

Managing Partner Designate

East Midlands

FCAs/CAs 33-45 **Salary Negotiable**

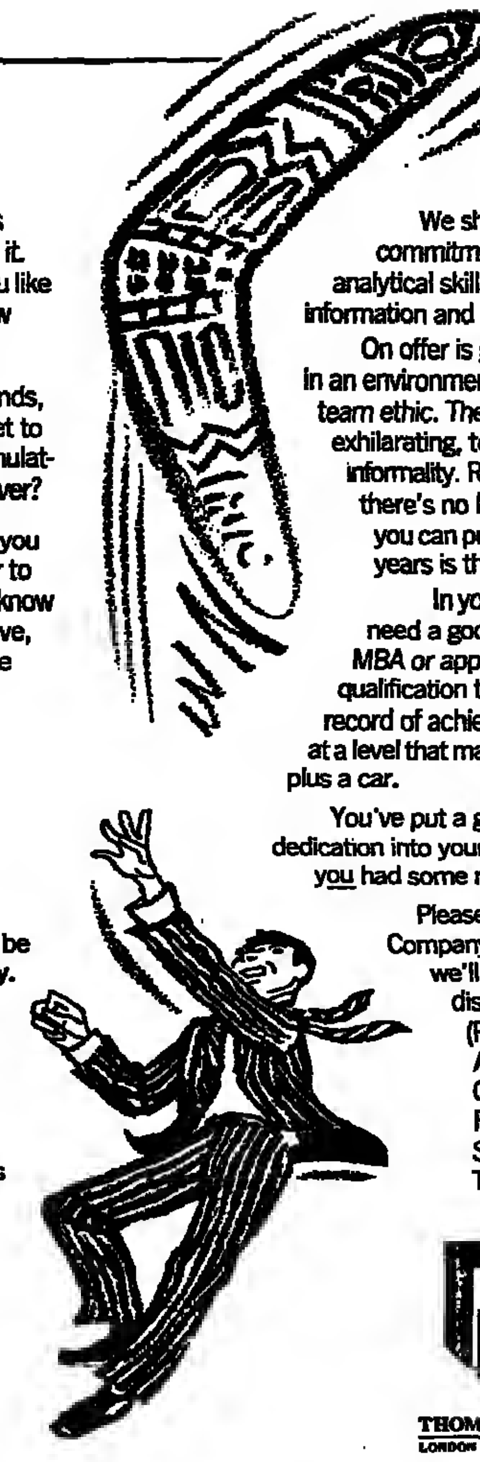
Our client is a "top 8" international firm of chartered accountants seeking an audit partner to take responsibility for running an office, within the East Midlands, for which there are ambitious growth plans.

Reporting to the Area Managing Partner, the role will comprise audit responsibility for a portfolio of existing national/international corporate clients; responsibility for the development of the practice, particularly in the listed client area and USM's etc; he/she will take charge of the general running of the office with full profit responsibility.

Candidates (male or female) should be existing corporate audit partners who can demonstrate practice development skills and have the ability to take responsibility for running an office.

For more information, please contact **George Ormrod B.A. (Oxon)** on **01-836 9501** or **Stephen Bromley** on **021-233 4421** or write with a copy of your C.V. to **Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS, quoting reference no. 2934.**

DOUGLAS LLAMBIAS



You're a talented business *professional, no question about it.* Your star is in the ascendant. You like to pick up a challenge and throw everything into it.

But once it's out of your hands, how long will it be before you get to grips with anything quite as stimulating again? A month? A Year? Never?

As a born problem-solver, you know there has to be an answer to your present job dilemma. You know there must be a career alternative, *where the challenge returns time* after time.

You're right. It's called

MANAGEMENT CONSULTANCY to £40,000+car

and it's the direction you should be aiming for as a matter of urgency.

Our client, one of the most respected of the major consultancy firms, provides business solutions – strategic, management and systems solutions – for demanding clients in industry, commerce and government.

Rapid growth provides constantly changing opportunity to people with your kind of potential, particularly from accountancy, finance and economics disciplines.

We shall be looking for a strong commitment to excellence, razor-sharp analytical skills and a capacity to absorb information and utilise it to client advantage.

On offer is genuine scope and variety in an environment that fosters a strong team ethic. *The collective will to win is* exhilarating, tempered by open-door informality. Results are the bench mark – so there's no limit to how far, and how fast, you can progress. A partnership within 3 years is therefore a realistic target.

In your late 20's to mid 30's, you'll need a good first degree and perhaps an *MBA or appropriate accountancy* qualification to underpin your excellent record of achievement. You are currently at a level that makes you worth up to £40,000 plus a car.

You've put a *great deal of effort and* dedication into your career so far. Isn't it time you had some returns?

Please write with full cv to us, as the Company's Selection Advisers, and we'll arrange an informal discussion. John L. Thompson (Ref.1347), Thompson Associates Limited, Compton House, Selsdon Road, South Croydon, Surrey CR2 6PA. Telephone: 01-686 6600.

TAL
THOMPSON ASSOCIATES LIMITED
LONDON · AMSTERDAM · DUSSELDORF · GOTHENBURG

THE CHALLENGE RETURNS EVERY TIME!

Business accountants for a high-level challenge in the North-West

ICI is looking for young, qualified accountants to share in the growth and development of leading business groups, headquartered in north-west England, including Chemicals and Polymers, Pharmaceuticals, Colours and Fine Chemicals, Polyurethanes and the Corporate Audit Group.

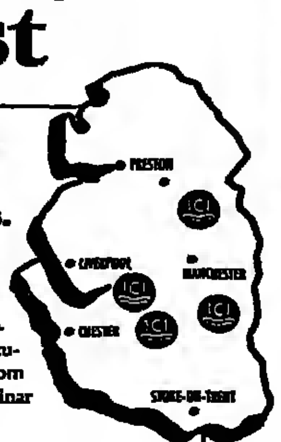
The company – one of the world's major corporations – is purposefully structured to encourage individual talent. For those with the right qualities, promotion within or between business groups can be rapid.

- ▲ Business accountants - providing financial advice and information as a key member of the team responsible for running each business group.
- ▲ Management accountants - overseeing annual expenditures running into billions of pounds.
- ▲ Financial information and systems - using advanced systems technology to help plan, monitor and control company financial activities.
- ▲ Business control - providing independent reviews of key business controls across all activities.

You will understand roles of different departments in contributing to the business; be capable of clearly communicating ideas; show a flair for grappling with problems; and be adept at working with other people.

Candidates should be ACA or ACMA, graduates, aged to 28, with experience/training through a large firm/company.

ICI people consistently demonstrate exceptional levels of energy, inventiveness and commitment. This is your opportunity to develop your own career as part of the company's future success.



Find out the facts and learn about the opportunities.

You can learn more about the opportunities and challenges of working with ICI business groups through a series of informal seminars with senior ICI executives and some of those with whom you might be working. Each seminar will begin at 6.30pm.

LOCATION	VENUE	DATE
MANCHESTER	Piccadilly Hotel	APRIL 4
LEEDS	Queen's Hotel	APRIL 5
BIRMINGHAM	Copthorne Hotel	APRIL 6
LONDON	Waldorf Hotel	APRIL 11
DUBLIN	Shelbourne Hotel	APRIL 13
GLASGOW	Hospitality Hotel	APRIL 19

To reserve your place please complete the coupon below and return it, in strictest confidence, to **Douglas Llambias Associates, Brook House, 77 Fountain Street, Manchester M2 2EE.**

CAREERFAX
ACCOUNTING FOR ICI
DOUGLAS LLAMBIAS

ICI

☐ I should like to attend the seminar at Manchester/Leeds/Birmingham/London/Dublin/Glasgow (delete as appropriate). Please reserve my place.

☐ I am unable to attend a seminar, but please send me an information pack.

Surname (Mr/Mrs/Ms)________ First Name________ Age____

Address________

________ Postcode________ FT16389

Telephone No.________

Office No. (discretion assured)________

Current Employer________

Date of qualification________

DOUGLAS LLAMBIAS

GLASGOW 041-226 3101 LONDON 01-836 9501 MANCHESTER 061-236 1553

TAXATION ACCOUNTANT

SURREY ▲ c.£30,000 + CAR + BENEFITS

During the past four years, Parkfield has been transformed from a loss-making foundry with sales of £4 million into a profitable manufacturing and distribution group with 30 business entities and sales in excess of £300 million.

Parkfield's exceptional rate of growth has been achieved through a blend of acquisitions and the willingness to invest substantially in the rejuvenation and expansion of its businesses.

Parkfield is committed to the future development of its core businesses: foundries, aluminium wheels, steel pressings, engineering products and entertainment. In each of these sectors, the company is now market-leader in the UK and a growing force in continental Europe. The Group is also shortly to establish a presence in North America.

Parkfield's combination of vigorous, investment-led organic growth and frequent acquisitions provides a challenging taxation environment. We now wish to strengthen the tax function through the recruitment of an individual well able to contribute strongly to its future development. He or she will probably — but not necessarily — be an ATII as well as a qualified accountant. Sound interpersonal skills, innovative flair, commercial orientation and the ability to thrive on challenge are required in addition to technical competence. Salary will not preclude the recruitment of the outstanding candidate.

Write in confidence to: Laurence Vine-Chatterton, Group Financial Controller, Parkfield Group PLC, Longdene House, Longdene Road, Haslemere, Surrey GU27 2PH.

PARKFIELD
G R O U P P L C

Financial Controller

WEST GERMANY, PACKAGE c. DM 140,000

A leader in its industry, this highly respected European computer services group is part of one of the ten largest US Corporations. Due to promotion, a Financial Controller is now required for a major group subsidiary based in Dusseldorf.

Reporting to the Country Manager and the UK based Chief Financial Officer, you will lead a department of 10 staff and be responsible for the full finance and accounting function with an emphasis on controls and management reporting. In addition you will be actively involved in arranging capital equipment funding programmes.

This high profile position requires a qualified accountant, aged about 30, ideally with sound commercial accounting experience within a US company in Europe. Personal qualities must include excellent interpersonal skills to communicate effectively with both the operating company team and corporate senior management. Thus the ability to conduct business in German and English is an essential minimum requirement.

Résumés, including day time telephone number and current salary, should be sent in confidence to Chris Howarth, quoting ref: CH537, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing

Coopers & Lybrand

Group Financial Director

Entrepreneurial opportunity covering acquisitions

c £50,000 + car + options
Central London

This rapidly growing engineering Plc is currently engaged in a programme of major acquisitions both in the UK and overseas. Corporate growth over the next 2/3 years is likely to be significant and as such they now require a dynamic and free thinking Group Finance Director to contribute to this development.

You will work as part of a small and highly motivated management team. Whilst responsibilities will include all aspects of group finance, emphasis within the role will be on acquisitions, seeing these through from initial investigation to final negotiation and integration. Some travel in both the UK and overseas will be necessary.

To fulfil this exciting role you should be a qualified accountant, ideally aged 35 – 45. Your experience will have exposed you to both the controller and treasury functions preferably in an engineering environment. You will also have had significant experience in handling acquisitions incorporating both finance raising and negotiations. However, of prime importance will be the ability for lateral thinking and the self confidence to develop the corporate finance aspects within this dynamic business environment.

An attractive compensation package will be negotiated, including options and incentivisation.

Please send a CV quoting reference MCS/6125 to Alannah Hunt, **Executive Selection Division Price Waterhouse Management Consultants No. 1 London Bridge, London SE1 9QL Tel: 01-378 7200.**

Price Waterhouse

HEAD OF AUDIT

Nationwide responsibility for corporate and operational audits.

Newcastle based · to £27k + car

Safeway plc is now the fastest growing food retailer in Britain. Unprecedented growth means our £3.4 billion turnover will double in the next 2 years. This commercial expansion is reflected in new and changing operational systems – indeed we are acknowledged as an industry leader in the development of sophisticated financial management and computer systems. Linked to this, there is great commitment to internal audit within the company.

A cornerstone of internal systems control is the major restructuring of our audit function. We are now looking for an experienced 'career auditor' to head up this wide-ranging initiative.

Reporting to the Director of Audit, and based in Newcastle, you will be responsible for audit throughout the Company. This will involve major Corporate and Operational audits and the review of all systems development before implementation as well as complex Special Projects.

This new position will enjoy company-wide influence and high profile amongst senior managers. It is your opportunity to develop your own team and impress your personality on a growing audit function.

A qualified accountant, you must have at least 5 years' post-qualification experience in a senior auditing role. You must be confident and committed, with excellent communication and presentation skills and the ability to lead and motivate. Regular travel to our Corporate Head Office in Hayes and other major locations will be required.

Our commitment to this position is reflected in an attractive salary and a full benefits package including: fully expensed quality car, generous relocation assistance (where appropriate), excellent pension scheme, share option scheme, free family BUPA and free life assurance.

NEWLY QUALIFIED ACCOUNTANT

Turn qualified success into unlimited prospects

Newcastle based · c.£18k

This is an ideal opportunity for a newly-qualified accountant looking for first-class commercial experience as a powerful springboard to a financial management career.

As a key member of the new audit team, you will be involved in all aspects of the audit function. Reporting direct to the Head of Audit (above), you will gain a rare insight into, and an in-depth understanding of, the way we operate – developing the sort of experience which will be appreciated and rewarded, fast. Opportunities for promotion into senior financial management within two years are excellent.

To apply, you'll need some audit experience, from practice or commerce, and some knowledge of computer assisted auditing. You must also be prepared to travel extensively within the UK. An attractive salary is complemented by a full range of benefits and relocation assistance will be considered.

Applicants for both positions should write with a full cv to: Jim White, Personnel Controller, Safeway plc, 6 Millington Road, Hayes, Middlesex UB3 4AX. Tel: 01-848 8744.

SAFEWAY

Chief Accountant

High Profile Drinks Retailer (Wimbledon)

c.£25,000 + Car + Benefits

We are a highly successful national wine merchant, with a highly distinctive and creative high street presence. Recent restructuring has resulted in an opportunity for a strong No. 2 to advise on key financial issues and to provide effective financial control and decisive management support.

The Company

- "Wine Merchant of the Year" award for second consecutive year.
- "Best national chain" award.
- Multi-site business with currently 145 outlets throughout the country.
- Subsidiary of The Seagram Company, the world's largest drinks operation.

The Position

- Responsible for all financial reporting within deadlines.
- Instrumental in establishing a sound, effective team.
- Reporting to the Finance Director, involvement in overall business planning and analysis.
- Systems expertise both mainframe and PC is required.

The Candidate

- You will be a proven No. 2 already or an inspiring younger individual.
- Resilient and assertive character.
- Qualified accountant, preferably ACA/ACCA.
- High degree of technical accounting knowledge gained within a *retail/multi-site environment.*
- Developed interpersonal and management skills, with proven leadership experience are essential pre-requisites.
- A 'hands-on' practical operator is required.

The Rewards

- We do not see the salary or benefits being a problem for the right candidate.
- Fully expensed car.
- Private medical insurance, pension, wine allowance etc.

Action

Please reply now, in writing, with full c.v. to: Richard Towse, Personnel Director, Oddbins Limited, 31-33 Weir Road, Wimbledon, SW19 8UG. Tel: 01-879 1199 Ext. 251.

Oddbins
WINE MERCHANT

COWIES

Group Internal Auditor

North East **c£25,000 + Car**

Our client, T. Cowie Plc, is a market leader in the competitive field of vehicle distribution and financing. Current Group turnover exceeds £460m, reflecting an increase of 44% over 1987, with a similar increase in profit before taxation which has been achieved through organic growth and acquisition, both of which will continue in the future.

They now seek to appoint a Group Internal Auditor to be based at the company's Sunderland Head Office. Reporting to the Group Finance Director and supervising five staff, responsibilities will include the audit of transactions and systems of internal control in operation at Group sites, the provision of accounting support services and a variety of ad hoc assignments.

Candidates, aged 28-35, should be qualified accountants, possibly making their first move from public practice, who can demonstrate strong technical abilities, first class communicative skills and the ability to succeed in a demanding environment. Some travel within the UK will be required. A relocation package is available where appropriate.

Interested applicants should write to Frederick Howie, Regional Manager, Michael Page Finance, 25 Collingwood Street, Newcastle-upon-Tyne NE1 1JE, (Tel: 091-222 0545) quoting Ref: NE013.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Group Financial Controller

North West **to £35,000 + Car + Benefits**

Our client is a rapidly expanding and highly profitable plc engaged in property development and investment activities principally in the UK. Recent and planned acquisitions augmented by further organic growth will ensure that the history of increases in both assets and profits continues.

A Group Financial Controller is now required to complement the undoubted expertise of the existing senior management team. In addition to the normal internal control and group reporting responsibilities, the successful applicant will be expected to continue the development of integrated computer systems and maintain strict control of cash flow on a group wide basis.

Candidates, aged 28-33, should be qualified accountants who can demonstrate a strong track record of success including experience in a professional office or service environment coupled with the interpersonal skills and business maturity required to make an immediate impact in a very dynamic environment.

A comprehensive benefits package is offered including share option scheme and full relocation facilities where appropriate.

Interested applicants should contact Iain Blair ACMA, quoting ref. 3095 on 061-228 0396 or write to him enclosing your detailed curriculum vitae at Michael Page Finance, Executive Division, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

GRANADA Travel PLC

Financial Controller

West Sussex **to £28,000 + Car**

This wholly owned subsidiary of the Granada Group has been operating for approximately 18 months. Already it is a significant force in the leisure sector, specialising in skiing and adventure holidays. Current turnover is around £130 million and exciting plans exist for further development and expansion.

As a direct result of this growth they are now seeking a talented Financial Controller to manage the accounting function of a major subsidiary. With responsibility for a small team, key aspects of the position will be controlling all financial and management accounts and reporting, developing management information systems and financial planning.

The successful candidate will be a qualified accountant probably aged between late 20s and mid 30s who can demonstrate strong technical and managerial skills combined with a positive, commercial approach. The ability to communicate with senior management is essential as there will be constant contact at Board level.

Prospects are excellent and opportunities for development will exist across the entire Granada group.

If you wish to be considered for this key management role, contact Tim Forster on 0372 375661 or write to him at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead KT22 8AG.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday March 16 1989

INSIDE

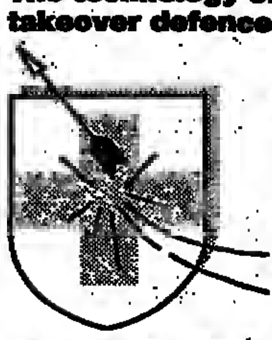
Sea and sympathy

Rarely one to miss an opportunity to do the unexpected, Mr James Sherwood (left), president of the Bermuda-based Sea Containers corporation, was in ebullient mood yesterday in the face of a possible bid from Stena of Sweden. Far from dismissing Stena, he said he was ready to talk about possible joint ventures. It was a response in line with his reputation as an unorthodox opportunist, but there may be more solid strategic grounds for his sympathetic response, explain Kevin Brown and Sara Webb. Page 28

Like a phoenix from the potash

An "albatross" was how Saskatchewan's premier Grant Devine recently described the province's potash industry. But labouring two-thirds of a mile below the frigid prairie, where the temperature is a balmy 80 degrees and the pinkish sylvinite ore bears a startling resemblance to salami, producers of this vital fertiliser ingredient have been enjoying better times of late. Indeed, David Owen reports that the soon-to-be-privatised Potash Corporation of Saskatchewan looks set to report bumper profits after years of heavy losses. Page 38

The technology of takeover defences



Successful defences against takeover bids are not common in the UK, and two in one day are rare indeed. But yesterday saw Ricardo, a Sussex-based engines and transmissions designer, emerge free from its battle with First Technology while Clydesdale Investment Trust failed with its attempt to take over Baillie Gifford Technology. Page 29

Singapore equities ride the high-rise elevator

A burst of property speculation has whisked the Singapore stock market index to a post-crash high in heavy volume, with the proposed sale of the Standard Chartered building helping to stimulate the recent rally, writes Alison Maitland. Page 50

BTR profits jump by 39%

BTR, the British industrial conglomerate, has spent more than £1.5bn on acquisitions in 1988 and hopes to spend a similar amount this year, according to Mr John Cahill, the chief executive. He was announcing a 39 per cent jump in pre-tax profits for 1988. Page 30

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bay. Hypo. Bk.	350	+	3
Commerzbank	244.8	+	3.8
Siemens	538	+	6.5
Falls			
Degussa	468	–	3.5
Nixdorf	295	–	3.5

NEW YORK ($)

Rises			
Dynascan	$10\frac{1}{4}$	+	$1\frac{1}{2}$
Fanb	$11\frac{1}{2}$	+	$1\frac{7}{8}$
SSMC	$34\frac{5}{8}$	+	$1\frac{1}{4}$
Texaco	$53\frac{1}{8}$	+	$\frac{3}{4}$
Falls			
Mesa L.P.	$11\frac{1}{8}$	–	$\frac{7}{8}$
Precision Cast.	$30\frac{1}{4}$	–	$2\frac{3}{4}$

New york prices as at 12.30pm.

PARIS (FFr)

Rises			
Banc OS	157	+	1.9
Credit National	1079	+	51
Esso	344.2	+	19
Radiotechnique	708	+	40
Falls			
Telss Luzenac	1110	–	33

TOKYO (Yen)

Rises			
Brother Inds.	1010	+	86
Nippon Densetsu	1330	+	140
Sato Shoji	1230	+	110
Teikoku Oil	1160	+	118
Falls			
Chiyoda Inds.	912	–	87
Nihon Kagaku	1060	–	80

LONDON (Pence)

Rises			
BP	287	+	6
Boston Grp.	217	+	4
CCA Publ.	134	+	19
Enterprise Oil	580	+	15
Legal & Gen.	349	+	$11\frac{1}{2}$
Pearl	458	+	11
Pilkington	270	+	$18\frac{1}{2}$
Prudential	195	+	$5\frac{1}{2}$
Refuge	487	+	18
Rosehaugh	684	+	25
Sun Life	985	+	20
Ward White	272	+	7
Falls			
Britannia Arrow	125	–	6
Cable & Wire.	471	–	11
Glaxo	1301	–	22
Greenall Whit.	302	–	7
P & O Defd.	715	–	15
Ricardo Grp.	128	–	19
Saatchi & S.	388	–	12

Pilkington in US deal with Nippon Glass

By Ian Hamilton Fazey, in Manchester

PILKINGTON has sold 20 per cent of Libbey-Owens-Ford (LOF), its US subsidiary, to Nippon Sheet Glass (NSG) for $225m.

The deal will not only help the UK glass manufacturer get more of its windows into Japanese cars, but it will also show an immediate profit, for Pilkington spent only $142m when acquiring LOF between 1982 and 1984. NSG is paying cash, thus enabling Pilkington to reduce its gearing to below 50 per cent.

Mr Antony Pilkington, chairman, said yesterday: "There is a double benefit, but I must stress that this is first and foremost a major strategic move. Our customers are globalising and they want globally consistent supplies. More Japanese companies are moving abroad to manufacture, rather than exporting directly, and their major target is the US. We need to be sure that we are in a position to get their business."

For NSG, the deal means a way into the American market. The company is Japan's second largest glass maker after Asahi, the company that vies with Pittsburgh Plate Glass, St Gobain and Pilkington as a world leader in safety glass markets.

NSG is already a licensee of Pilkington's float glass process at home and is also involved with Pilkington in joint ventures in Mexico, Kentucky (both with LOF), South Korea and Taiwan.

The Kentucky plant supplies windows for Toyota cars manufactured in the US.

The Japanese company will have two seats on the LOF board, the same as Pilkington has from its headquarters in St Helens, Merseyside. LOF manufactures in the US, Canada and Mexico and is particularly strong in the automotive after-market – the supply of replacement windows to car repairers.

It also supplies flat glass to the building industry.

Recently it concluded a $1.6bn, five-year deal to supply half of General Motors' glass.

Its last reported annual sales, to March 1988, were $794m, from which it made pre-tax profits of $35m. Net assets at the year end were $262m.

It is ironic that the announcement of the deal with Nippon Glass coincided yesterday with results from BTR, fierce attacker of Pilkington's performance in an unsuccessful bid for the glass manufacturer a little over two years ago.

Lex, Page 20

Japanese tint to American windscreens

Ian Hamilton Fazey takes a look at Pilkington's strategic tie-up with Nippon Sheet Glass

LIKE ICI in paint, so Pilkington in safety glass is following its car manufacturing customers and going global.

It may seem that selling 20 per cent of Libbey-Owens-Ford, its US subsidiary, to the Osaka-based Nippon Sheet Glass (NSG) is a strange way of carrying on the policy, but Mr Antony Pilkington, the company's chairman, was in no doubt yesterday of long-term strategic importance of the deal.

The new partnership will mean introductions to potential Japanese customers – the leaders of the world's automotive industry – and strengthen ties with existing clients.

Increasingly, car makers are global operators, manufacturing in many countries. The business is one in which ever-smaller numbers of manufacturers and their suppliers are developing e worldwide symbiosis.

The car makers do not want e myriad of suppliers, with different standards for different continents. They want to design for economies of scale, working hand in hand with component suppliers and applying lessons learned in one continent in others.

Increasingly, most of their suppliers will have to be significant players in their own right to have their products even considered for approval. This means a reduction in the numbers of suppliers, leaving just enough of them on each continent to offer choice and competition.

Regional operators can survive if big enough and in big enough markets - witness Du Pont and Herberts respectively in the US and European markets for painting cars - but they have to stand and fight with global giants operating singly or in alliances with regional players from other continents. The Pilkington-NSG deal fits into this "alliances" category.

The pressure is on Japanese car makers to manufacture more abroad as the rest of the world clamours for a reduction in Tokyo's trade imbalance.

The danger for e company like NSG - which is fundamentally Japan based - is of being left behind, trapped in its home market with static sales as key customers expand abroad. "Selling part of LOF was a suggestion we made to NSG," Mr Pilkington said. "We realised that it would help to solve their problem, while helping us develop our relationships with the Japanese automotive industry."

The suggestion could only be made, however, because Pilkington already had an increasingly comfortable relationship with NSG through joint ventures to make safety glass in the US, Mexico, South Korea and Taiwan.

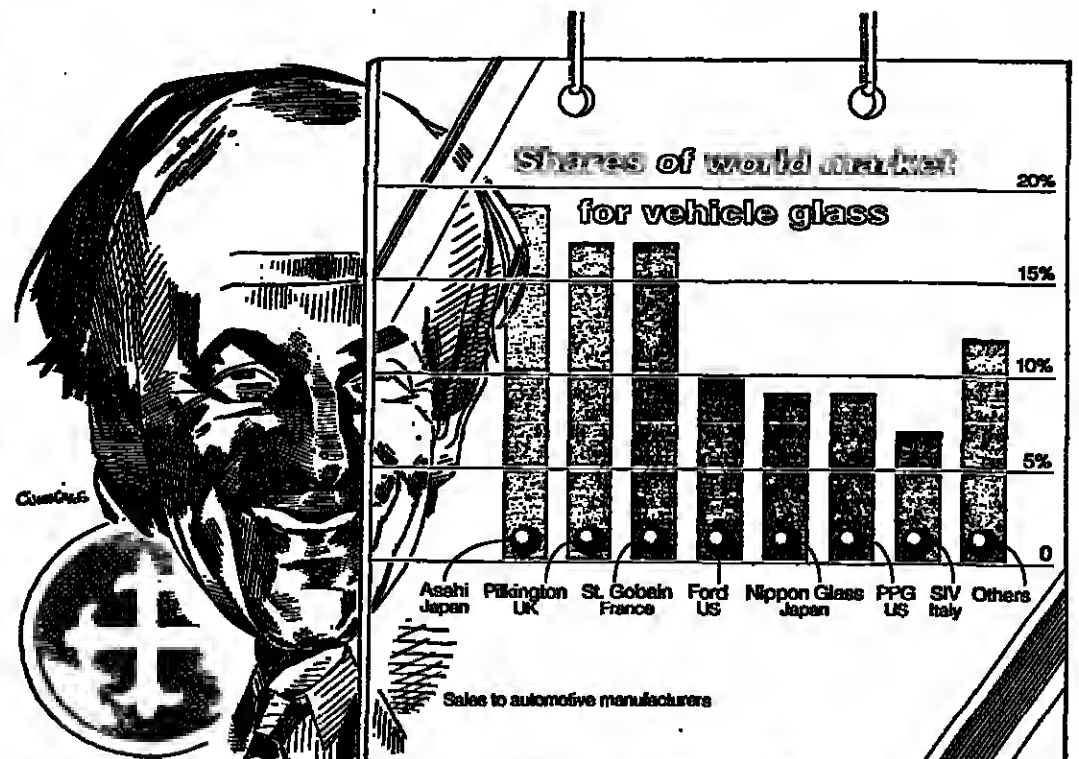
Pilkington needs to build its customer base in Japan to spread its risks, particularly in the US, where it has many eggs in the General Motors basket. The base is small at present: the joint venture with NSG in Kentucky supplies windows to Toyota, while in the UK, Pilkington is the sole supplier to Nissan in Sunderland. As more Japanese car plants spring up around the world, the link to NSG could prove a way in.

Pilkington is the world's largest glassmaker and its position is enhanced by a series of joint ventures in key markets, often with its major European competitor, St Gobain of France. Thus although St Gobain is the biggest glassmaker in Europe - dominating the southern half of the continent, while Pilkington leads in the northern markets of the UK, West Germany and Scandinavia - the two work together in Argentina and Brazil.

Pilkington's global march has seen it buy out its partners in Australia and take minority stakes in Taiwanese and Chinese glassmaking companies. An alliance with a Japanese glassmaker will help its global balance.

In the US automotive market, Pilkington's development was stimied until it took control of LOF in 1986. In 1982 it had acquired 29.5 per cent of the group which then owned LOF. But the American parent was "more interested in hydraulics", according to Mr Pilkington, so he persuaded them to hive off glassmaking in exchange for Pilkington's stake in the group.

LOF has not looked back since, though analysts fretted during BTR's bid for Pilkington in the winter of 1986-87 that LOF was over-dependent on General Motors, itself e struggling, declining force. But General Motors has now reasserted itself and LOF has just concluded a $1.6bn deal to supply half of the motor giant's glass for next five years.



Mr Antony Pilkington: "Selling part of LOF was a suggestion we made to NSG."

It is not easy to judge just how much Pilkington has improved the business, since it is difficult to break out LOF's performance before the British company took full control. Pilkington's says that after making e small loss initially, LOF's performance has been growing stronger. The latest figures, now nearly 12 months out of date, show pre-tax profits of $35m on sales of $794m and net assets of $262m. (Pilkington's own figures are also nearly a year old, but they showed £302m ($516m) of pretax profits on £2.3bn of sales.)

LOF has six float glass plants and nine safety glass plants in the US.

NSG, however, is thought likely to adopt e low profile, in spite of spending $225m on its 20 per cent stake. It will have two seats on the board, but Japanese practice is to listen and learn, often for several years, in such circumstances, allowing relationships to develop through understanding. It is just over twice as big as LOF, returning $85m pretax on $1.78bn in the year ended last March. Besides cars, it is a large supplier of flat glass for construction and is active in glass fibre, reinforcements, fibre optics, and the ultra-thin glass used to cover LCD screens.

NSG is in the Sumitomo corporate group, the members of which include NEC but no motor manufacturer. With no ties to any, it should be easier for NSG to sell across the six main groups, although since Asahi, Japan's biggest glassmaker, is in the Mitsubishi group it would be less preferred there.

Mr Pilkington hopes to develop e two-way traffic with Japan. "If you look into the future, you could say this is a good start, though we have no specific plans to do anything else yet," he said.

However, he may well reflect on less visionary periods in the history of NSG, which started life as the Japanese-American Window Company in 1920. The US partner sold a third of its 20 per cent stake in 1972 and the rest in 1978. The partner was LOF.

Troubled French bank in merger

By George Graham in Paris

AL SAUDI Banque, the French bank rescued from the brink of bankruptcy last summer, yesterday announced its recapitalisation and merger with another French bank which specialises in the Middle East.

Banque Indosuez, the French investment bank which took the lead in the Al Saudi rescue, will merge its 95 per cent owned subsidiary Banque Libano-Francaise (France), valued et around FFr200m ($32m) with Al Saudi.

The two other major participants in the rescue, Banque Al Saudi Al Fransi and the Hariri group of Saudi Arabia, will each inject about the same sum, taking the capital of the new merged bank to between FFr550m and FFr600m. The new bank is expected to be called Banque Francaise pour l'Orient - French Bank of the Middle East.

Mr Antoine Jeancourt-Galignani, chairman of Banque Indosuez, said the losses on Al Saudi's debt portfolio were larger than the FFr2.1bn estimated last summer when the rescue operation was mounted.

The deterioration of the bank's sovereign debt portfolio and the discovery of additional bad debts in the Middle East and London would increase the deficit by an estimated 10 per cent.

The additional losses, however, will not put the rescue operation into peril, Mr Jeancourt-Galignani said.

Mr Bernard Vernhes, Al Saudi's chairman, said the bank would concentrate on private banking and property, abandoning its sovereign credit and buyer credit activities. Al Saudi retains client deposits of around FFr1bn, he said, and a property portfolio worth between FFr100m and FFr300m.

The Al Saudi rescue was widely criticised at the time because the Bank of France required all French banks to contribute to writing off the bad debts, and at the same time reimbursed all foreign depositors.

Last week, however, the liquidation of Banque de Participations et de Placements, an offshoot of the bankrupt Lebanese al Mashreq banking group, was fiercely criticised by some depositors, upset that their reimbursement was limited to FFr400,000.

The French deposit protection scheme, functioning under the aegis of the French Banks Association, is considerably more generous than other European reimbursement schemes. The UK scheme, for example, repays only three quarters of deposits up to a maximum of £10,000, while the Dutch scheme limits repayment to Fl 30,000.

Storting reviews Statoil loans

By Karen Fossli in Oslo

STATOIL, Norway's tronbled state oil company, is expected today to be granted its request to have about NKr2bn ($296m) to NKr3bn in state loans converted into equity.

The company's future organisation, including possible semi-privatisation, is being discussed today by the Storting (Norway's parliament) which will debate a proposal by Mr Arne Oien, Norway's oil minister, that state loans be converted into equity.

Statoil has set a target of maintaining an equity ratio of at least 25 per cent, more in line with other major international oil companies. However, after NKr5bn in write-offs on e NKr12bn refinery project whose budget was exceeded by between NKr6bn and NKr7bn, and lower world crude oil prices in recent years, its equity ratio last year plunged to 12 per cent and sunk further this year to 10 per cent.

Earlier this month Statoil announced that it had bounced back into profits of NKr340m for 1988 after posting e deficit of NKr1.54bn the previous year.

The company also forecast that profits in 1989 could reach NKr1bn, allowing a dividend to be paid to the state after e two-year interval. However, in August, Statoil requested that its dividend payment to the state be lowered to 15 per cent of the group's annual net income as long as its equity ratio remains under 25 per cent.

This will also be discussed today and is expected to be approved by the Storting.

It is also widely expected that e NKr2bn petrochemical project will also be approved. Statoil and Himont, the US-based petrochemical company, are proposing to build a polypropylene production plant in Belgium which is to come on stream in 1991.

Rover hits best profit in 10 years

By John Griffiths in London

ROVER Gronp, the UK automotive company sold in August for £150m ($258m) to British Aerospace, last year made its highest profit (before tax and interest) since 1978, BAe announced yesterday.

Rover's £65.7m profit for 1988 compares with £19.7m achieved in 1987 - Rover's last full year under state ownership.

A four-month contribution of £35m from Rover was listed in BAe's preliminary results yesterday. These showed a rise in group pre-tax profits from £161m in 1987 to £236m last year.

No net figure is given for Rover, but it is understood to have been profitable at all levels. However, its results include a contribution from truck maker DAF, in which Rover Group has a 40 per cent stake and which reported profits of just under £40m last year.

Rover's 1988 profit was earned on total sales revenue up 6 per cent to £3.22bn.

However, it is unlikely to sustain such a performance this year.

In the UK new car market, which Rover is heavily dependent on, its market share has fallen in the first two months of this year by nearly two percentage points to less than 14 per cent.

Rover will be hard-pushed to prevent a further decline, since Ford launches a new Fiesta range next month and new models are due from other rival manufacturers.

The Rover 400 models, code-named R8, which replace the Rover 200 and Maestro are due to be launched late this year - too late to have much effect on the 1989 results.

Rover also benefited last year from a far larger UK new car market than expected – a record 2.2m units, which allowed Rover's UK unit sales to rise by 10 per cent to 333,000.

Although the market has continued to increase in the first two months of this year, much of the industry expects e second-half weakening, dropping the year's sales total to slightly over 2m.

The export picture is little brighter. Last year's export revenue of £908m compares with more than £1bn the previous year.

Rover is fighting to reverse a slump in sales of its Sterling model in the US following the company's return to North American markets in 1987. The company acknowledged yesterday that the strength of sterling against major currencies is making export trading conditions "difficult".

Even so, last year's total sales, at 525,000 units, were the highest since 1979. The group is also benefiting from a "richer" model mix. In particular, higher-value Rover 800 and Range Rover models took e larger share of total sales.

Overall production rose by 2 per cent to 520,000 units, the highest for three years.

Even if conditions are difficult this year, Rover Group, and thus BAe, will receive a sizeable financial boost in two months' time when 60 per cent of DAF is floeted on the London and Amsterdam stock exchanges. The float is expected to give DAF a capitalisation of £400m, thus valuing Rover's share at £160m – £10m more than BAe paid the Government for Rover in the first place.

Hypobank partial profits decline

By Haig Simonian in Munich

GROUP partial operating profits at Bayerische Hypotheken- und Wechsel-Bank (Hypobank), West Germany's sixth biggest bank, fell by 8.8 per cent to DM984m ($530m) in 1988 from DM1.08bn in 1987. The dividend will remain unchanged at DM12.50 a share.

Full operating profits at Hypobank, which starts off this year's German bank reporting season, were up on those for 1987, said Mr Eberhard Martini, chief executive, although he did not disclose the precise figure, which includes trading on the bank's own account.

However, Mr Martini said full operating profits at parent bank level had now "exceeded DM900m" for the fourth year running, while the contribution from own account trading had jumped to "over DM100m" in 1988 from DM40m-50m the previous year.

Group interest income rose by 1.6 per cent to DM2.17bn in 1988, while commission-based income increased by almost 6 per cent to DM355m. Group total assets went up by 7 per cent to DM135.2bn.

The fall in partial operating profits, which came despite the rises in key income items, stemmed from a 10.7 per cent rise in costs last year to DM1.54bn at group level.

Mr Martini said the bank was coming to the end of a heavy investment phase, and the rate of increase in costs was already slowing down. Some of the bank's new developments were already paying off, with the arrangement to sell Allianz insurance policies in Bavaria likely to provide additional income in the order of "two digits" this year.

As part of its strategy to develop into broader financial services the bank has doubled its stake in the Heimstatt building finance group to 75 per cent. It has also taken an opening 25 per cent share in a joint venture with Richard Ellis, the UK-based property group.

● Group partial operating profits at Bayerische Vereinsbank, Germany's fifth largest bank, fell by 1.5 per cent to DM880.7m. However, the bank said group full operating profits, which are not disclosed, were higher than in 1987. The dividend will remain unchanged at DM13 an ordinary share.

Interest income at parent bank level rose by 1 per cent to DM1.48bn. Fee earnings climbed 7.7 per cent to DM391m. Total assets were 8.7 per cent up at DM162.6bn.

Alfa-Laval increases dividend

By Sara Webb in Stockholm

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, reported a 31 per cent increase in profits after financial items to SKr1.05bn ($165m) in 1988, helped by acquisitions and restructuring.

The board proposed raising the dividend from SKr13 to SKr15.5 a share and forecast a further improvement in profits for 1989. It also proposed a four-for-one share split.

Group invoiced sales climbed 10 per cent to SKr12.4bn while orders received increased by 13 per cent to SKr13.55bn in 1988.

Order bookings are up 26 per cent in the first two months of 1989 compared with the same period last year, and the company said it expects invoiced sales to increase by 15 per cent this year, accompanied by "a continued improvement" in profit.

The industrial equipment division showed an increase in sales volumes, particularly in the separation and thermal equipment business areas. Operating profit rose 46 per cent to SKr547m and Alfa-Laval noted strong increases in profits on the separation, thermal and automation side.

Operating profit at the food equipment division trebled to SKr234m, due to cost-cutting measures and contributions from companies acquired back in 1986 and 1987.

Labinal links with Turbomeca

By Paul Betts in Paris

LABINAL, the French aerospace and car components manufacturer, and Turbomeca, the helicopter engine maker, are to merge in the latest example of restructuring and concentration in the French aerospace industry.

The merger will create a group with annual sales of about FFr7bn ($1.1bn) employing 15,000 people. It follows the merger last month of the flight electronic activities of Thomson-CSF, the state-controlled defence electronics company, and Aerospatiale, the state owned aerospace group.

However, the proposed Labinal-Turbomeca merger is also designed to reinforce the company's French shareholding structure and dilute Fiat's 14 per cent stake in Labinal.

The French authorities expressed concern last summer when the Italian group acquired its stake for about FFr400m because of Labinal's defence-related activities. Moreover, Labinal already owned at the time a large stake in Turbomeca, which manufactures helicopter engines for Aerospatiale.

Although Fiat claimed it had no hostile intentions towards Labinal, the French authorities have been anxious to reinforce French control of the company. The merger is now expected to dilute Fiat's 14 per cent stake to about 12 per cent.

The merger will involve cross shareholdings giving Labinal 98 per cent control of Turbomeca. At the same time, Labinal will be 45 per cent owned by a new holding company grouping the Szydlowski family, which controls Turbomeca, and friendly institutional shareholders such as Société Générale, the French bank, Axa, Caisse des Depots, Crédit Agricole, Crédit National, as well as Aerospatiale.

UBF in Sampo shares move

By Olli Virtanen in Helsinki

UNION BANK of Finland, the country's biggest bank, yesterday announced a package of interrelated share transactions which have established a new major shareholder in the bank and set the first step in a regrouping of Finland's insurance sector.

In a manoeuvre said to be the largest securities deal in Finnish history, UBF and four insurance companies in its sphere of interest have bought 25 per cent of the shares in Sampo, Finland's second largest insurance company, for FM1.29bn ($306m).

The shares were bought through Finanssilaitos, a holding company, from Axion Group General Partnership, the secretive investment company that recently became Sampo's largest shareholder. Finanssilaitos, paid FM560 apiece for the 2.3m Sampo A shares, a premium of FM60 on the price paid by Axion Group a month ago and FM95 on Tuesday's closing price.

At the same time Finanssilaitos bought 28m UBF A shares, equalling 12 per cent of the votes, for FM1.56bn from Kouri Capital, the investment company. The price of FM56 a share compares with the latest closing price for UBF shares of FM48.

The deals end speculation about the holders of the two lots of shares. Axion and Mr Peter Fryckman, a Finnish investor who was said to have bought over 10 per cent of UBF A shares, turned out to be acting for Kouri, which is controlled by Mr Pentti Kouri, one of Finland's leading, and most secretive, investors.

The purchase of the Sampo and the UBF shares, says Mr Bjorn Wahlroos, executive vice president of UBF, gives Finanssilaitos a range of possibilities to develop Finland's financial services sector including banking and insurance.

Finanssilaitos and its owners, the insurance companies Elake-Varma, Yrittajien Fennia and Teollisuusvakuutus, as well as UBF and its associate Pomi, now own about 50 per cent of Sampo.

Surge in earnings at Novo Industri

By Hilary Barnes in Copenhagen

NOVO INDUSTRI of Denmark yesterday announced a 30 per cent rise in 1988 pre-tax profits to DKr904m ($125m), from DKr693m in 1987, after stabilising its position in the world market for insulin and strengthening its standing in the important US market for starch-splitting enzymes.

Meanwhile Nordisk Gentofte, Denmark's other insulin producer which is to merge with Novo as soon as formal shareholders' approval has been obtained in April, said its sales in the year ending March 31 would be up by 16 per cent and profits would be at last year's level of DKr144m.

Swift moves to integrate the pharmaceutical activities of the two companies, which rank second and third as world insulin suppliers, would be made as soon as the merger is approved, said Novo's preliminary profits statement.

Novo's net earnings rose 34 per cent to NKr637m and earnings per share from DKr18.73 to DKr24.98. An unchanged 20 per cent dividend will be paid.

Novo's sales were up by 7 per cent last year to DKr5.26bn. The budgets for the combined companies give sales in 1988 of about DKr6.53bn and pre-tax profits of DKr975m.

Sales by Novo's pharmaceuticals division increased by 16 per cent to DKr3.53bn and its share of the world insulin market stabilised at 31 per cent, but goals were not reached in the US and Japan, said the company. Sales of other pharmaceutical products increased by 30 per cent.

Sales by the bio-industrial group, which supplies enzymes for detergents and starch-splitting, rose 18 per cent to DKr1.62bn, while sales by the Ferrosan group fell 44 per cent, reflecting divestments.

Growth of the core pharmaceuticals and enzymes business is expected to continue. But price increases for raw materials in 1988 will reduce profitability, said Novo.

Nordisk meanwhile said that its insulin sales in 1988 increased at double the rate of market growth.

Metsa-Serla buys MoDo tissue paper offshoot

By Sara Webb in Stockholm

METSA-SERLA, the Finnish forest products group, announced a SKr1.3bn ($204m) agreed deal to buy Holmen Hygiene, a loss-making hygiene products and tissue paper business owned by MoDo, one of Sweden's leading forestry groups.

The deal will turn Metsa-Serla into the Nordic region's largest producer of tissue paper and hygiene products, and help it to counteract fluctuations in pulp prices.

MoDo said it preferred to concentrate its resources in the areas where it is among the market leaders, such as fine paper, newsprint and journal paper, pulp and paperboard.

Holmen Hygiene, which produces diapers and kitchen paper, has annual turnover of SKr2.4bn and incurred a loss of SKr100m in the first eight months of last year, following a deficit of SKr17m for the whole of 1987.

The division has been tossed back and forth between different owners like a shuttlecock in recent years. It started out as Fiskeby, owned by the Swedish Co-op, but was sold in late 1985 to Holmen, the Swedish forest products group and at the time Europe's biggest newsprint producer.

In 1987, Holmen decided to expand its presence in the European tissue paper and hygiene products market by acquiring MoDo Konsumentprodukter, MoDo's consumer products division, for around SKr550m.

But when MoDo decided to create a large diversified forestry group a year ago by acquiring Iggesund, its pulp and board producing affiliate, and Holmen in a deal worth SKr6.1bn, it found itself repossessing the hygiene products and tissue paper business and immediately set about looking for a prospective buyer.

Restructuring costs as a result of the merger contributed to the unit's losses last year, as did tough competition and high pulp prices. One analyst pointed out that morale was low at the division for almost a year during which workers knew it was up for sale. MoDo had hoped to sell the division for as much as SKr2.5bn.

As a result of the deal Metsa-Serla will acquire an additional capacity of 230,000 tonnes of tissue paper and hygiene products per year and increase its annual turnover to about $2.2bn.

Crown Communications to buy stake in French radio

By Raymond Snoddy

CROWN Communications, the broadcasting group with interests in more than a dozen UK commercial radio stations, is expected to announce today it has bought a substantial stake in Performance – air-name RFM – the French commercial radio network.

It is the first time that a British commercial radio company has moved into the French market on such a scale.

RFM is a network of 50 stations, 28 of which are wholly owned subsidiaries and the rest affiliates.

Altogether the stations, which specialise in the 25 to 39-year-old "adult contemporary" music market, are able to reach 50 per cent of the French population.

Crown, a company capitalised at around £60m ($104m), has bought a 35 per cent stake in RFM. Its founder, Mr Patrick Meyer, will retain 35 per cent, and the rest will be bought by a regional French banking group with radio interests, Crédit Mutuel d'Artois et de Picardie.

Crown will manage and run the network, however, and the plan is for Mr Andrew Manderstam, former chief American correspondent of LBC and Independent Radio News to be chairman and chief executive.

RFM programmes, with gaps for local news and advertisements, are produced in Paris and distributed via satellite for re-broadcast. Crown will spend more than £10m over the next two years on its stake in the loss-making network.

Honda in Italian deal

HONDA MOTOR of Japan is to make its first outright overseas acquisition by raising to full control its 51 per cent stake in Ciap, an Italian maker of motorcycle parts, writes Alan Friedman in Milan.

The purchase price was not disclosed, although the original holding, acquired last July, was reportedly valued at about L2.8bn ($2.1m). Ciap had L5bn turnover last year and employs 60 in Bologna.

Degussa posts sharp advance in year results

By Our Financial Staff

DEGUSSA, the West German metals and chemicals concern, yesterday reported a 21 per cent rise in group net profit for the year ended September 30, from DM120.6m ($64.8m) to DM146m.

As previously reported, sales rose DM11.7bn to DM13.6bn, and parent company net profit jumped from DM90.8m to DM101.7m. The dividend for last year will be raised to DM10.50 from DM10.

The company said profits and sales continued to develop positively in the first five months of the year ending September 30. Mr Gert Becker, managing board director, said that group sales rose 7 per cent to DM5.65bn in the first five months from DM5.26bn in the year-earlier period, despite lower precious metals prices.

Excluding precious metals, sales rose 9 per cent, he said. Parent and group profits were boosted by good results in chemicals and dental supply.

He said growth in earnings was likely to flatten this year as prices rose. "None the less, in all probability 1988-89 will be another good year."

INTERNATIONAL COMPANIES AND FINANCE

Bond Corporation accounts examined

By Bruce Jacques in Sydney

PRESSURE mounted yesterday on Mr Alan Bond, the Perth-based beer and media entrepreneur, when the National Companies and Securities Commission revealed that it has been examining the 1988 accounts of his Bond Corporation Holdings virtually since their release in October last year.

Mr Ray Schoer, the commission's executive director, said the commission had requested information from the company on "certain aspects" of its accounts, but no reply had yet been received.

Mr Schoer said that normally he would not have revealed the commission's interest, but that his hand had been forced by allegations about Bond's accounts that were made in an Australian Broadcasting Corporation television programme screened on Monday night.

The programme prompted the Perth Stock Exchange to investigate the company's accounts, but last night the exchange said that Bond Corporation had been given the all-clear.

The ABC programme was the latest in a series of criticisms of Mr Bond's business conduct.

Mr Peter Beckwith, Bond Corporation managing director, said the television programme continued the "unfair and often untrue Bond-bashing, led principally by Lonrho."

Mr Beckwith described as "absolutely untrue" assertions that most of Bond Corporation profits are earned by companies registered in the Cook Islands tax haven.

"Certainly in the year examined, significant profits accruing from share transactions were earned by Cook Islands registered companies," he said.

"However, the ABC took contribution figures before any apportionment of the group's interest or overhead expenses and sought to represent that figure as a proportion of net profit, a mistake too elementary to be made by any commentator seeking to faithfully report the facts."

On the other main ABC allegation, concerning the sale of the Sydney Hilton Hotel, Mr Beckwith revealed that it had been sold to a Singapore investor, Mr B.S. Ong, who controls a worldwide hotel portfolio including the Singapore, New York and Montreal Hiltons and the Inn on the Park in London.

"This sale was booked fully in accordance with accounting standards," he said. "The identity of the purchaser has been known to senior management of Hilton for some time. The ABC assertions to the contrary were totally unwarranted."

Fletcher Challenge hits record

By Dai Hayward in Wellington

FLETCHER CHALLENGE, the New Zealand forestry, paper and industrial group, yesterday reported interim net profits of NZ$315.6m (US$193.7m), up from NZ$298.6m.

The record result was achieved despite a big drop in investment earnings to NZ$24.7m from NZ$125.5m for the six months to December last year.

Mr Hugh Fletcher, chief executive, said that the current year had been one of consolidation and that the results reflected the success of the group's diversification and flexibility, both in its products and markets.

Analysts believe that Fletcher, New Zealand's largest company, has been conservative in arriving at the half-year result, as it is confident that its profits will exceed NZ$850m for the full year.

Of the interim earnings, 59 per cent was derived from outside New Zealand, reflecting strong international demand and prices for pulp and paper.

The North American operations made a strong contribution. The group increased its holding in Fletcher Challenge Canada (FCC) – formerly British Columbia Forest Products – to 71 per cent from 48 per cent. Strong demand for craft paper and newsprint and increased production brought FCC record profits which boosted North American earnings to NZ$160.5m from NZ$118.4m.

The other main contributor was Petrocorp, the New Zealand energy group acquired from the Government in March 1988. Petrocorp produced most of the NZ$86.2m earned by Fletcher's energy division.

The group's assets increased dramatically – to NZ$13bn by December from NZ$11.6bn last June and NZ$8.4bn a year earlier.

Mr Fletcher said that half the increase over the past six months was due to exchange rates and half to acquisitions.

As part of its consolidation the group shed non-core investments including its glass, plastic and fertiliser businesses and its financial operations. The disposals freed NZ$200m for investment, forming part of the NZ$700m capital expenditure on existing facilities to improve production.

Companies join forces to bid for NZ Steel

By Dai Hayward

A BID for NZ Steel, one of the main assets of the failed Equiticorp group, is being made by Fletcher Challenge with other partners, at least one of which is believed to be from outside New Zealand.

Mr Hugh Fletcher, chief executive, said yesterday that his company was keen to buy NZ Steel but only if the price was right. Tenders close on March 20.

Fletcher Challenge's valuation would be based on lower world prices for steel than apply today, he added.

The bid would also be below the price Equiticorp paid when it purchased NZ Steel from the Government, although Mr Fletcher said: "We don't see how anyone could pay more than us, but anything is possible."

If successful, Fletcher would manage the steel operations, merging these with its existing Pacific Steel subsidiary. Pacific Steel's production is based on scrap metal.

Equiticorp bought NZ Steel just before the October 1987 stock market crash, paying NZ$327m (US$200.7m) for the state's then 89 per cent holding.

Fletcher Challenge, which had previously sought to take over the steelmaker, has Commerce Commission approval to buy full control if it wishes, and Mr Fletcher said that the company could take a stake of anything from 50 per cent upwards.

He believes Fletcher Challenge is "the natural owner" of NZ Steel.

It and BHP of Australia are the two largest customers of the steel company.

Mandarin Oriental jumps to HK348m net for year

By Michael Marray in Hong Kong

MANDARIN ORIENTAL, the Hong Kong-listed luxury hotel group, yesterday reported a 42.5 per cent jump in 1988 net profits to HK$348.6m (US$44.7m).

Extraordinary profits of HK$48.2m from an international placement of shares in the Oriental Bangkok increased attributable profits to HK$396.8m, while turnover rose to HK$917.2m from HK$758.3m.

Mr Peter Tyrie, the outgoing managing director who leaves the company in June, said high occupancy levels in Hong Kong had boosted the group performance, as had the strategy of attracting more individual travellers rather than group business. "We changed our market mix, and it paid off," he said.

Contributions from overseas accounted for 25 per cent of group profits, up from 20 per cent in 1987, with San Francisco performing well and an improvement in Singapore.

The Oriental Bangkok, in which the group has a 45 per cent stake, recently announced record profits of HK$69.6m for 1988, its first year as a listed company.

The group should reap the benefits in 1989 of big refurbishments now completed in several hotels.

A number of senior group executives have resigned recently. Mr Colin Wearmouth, finance director, will also leave by August.

Mr Robert Riley, who came in last August as joint managing director of Mandarin Oriental Hotels, the operating company, said yesterday he did not think the management turnover would hurt the company's performance.

A final dividend of 26 cents per share has been declared, bringing the total for the year to 34 cents. Mandarin Oriental was listed in June 1987, after demerging from Hongkong Land, the territory's leading property group.

Coles Myer leaps 38% to A$243m halfway

By Bruce Jacques

COLES MYER, Australia's biggest retail store operator, has changed its expansion strategy following a 38 per cent boost in net profits for the half-year to December to A$243.3m (US$197.3m).

Mr Brian Quinn, the chairman, said yesterday the result reflected internal efficiencies in a generally sluggish domestic retail market, but the company had "gone cool" on its often-stated intention to acquire a large overseas retailer.

"There are plenty of opportunities for capital spending and large expansion in our Australian operation," he said. "For the time being, our sights are set firmly on developing our businesses here and in New Zealand."

Mr Quinn described the company's New World supermarket chain as its "sleeping giant," which needed large capital investment – as did the recently acquired New Zealand-based Progressive Enterprises group.

The profit was earned on a turnover up 16 per cent to A$7.36bn, and the company has raised the interim dividend, fully franked for tax purposes, to 12.5 cents a share from 12 cents.

The dividend will be paid on capital increased by last year's one-for-eight bonus issue, lifting the payout by more than 17 per cent.

A PART OF THE 1988 CITICORP SUCCESS STORY IN EMERGING MARKETS:

SIEMENS AKTIENGESELLSCHAFT/ SIEMENS BETEILIGUNGEN A.G.
successfully completed onlending capitalizations in Argentina for
Siemens SAICFI y de M/Equitel S.A.
U.S. $8,400,000
September 1988
The undersigned acted as financial advisor to Siemens SAICFI y de M Equitel S.A. and arranged for the capitalization of onlending loans pursuant to communications "A 1196"

Grupo Cydsa *(Mexico)*
and its subsidiaries
U.S. $422,000,000
Recapitalization through debt redemption
April 1988
The undersigned structured and managed this transaction.

Lion & Co. AG Kreuzlingen, Schweiz
successfully completed a debt conversion transaction in Yugoslavia
U.S. $33,500,000
December 1988
The undersigned structured and managed this transaction.

Weston Corporation
Debt for equity swap in the Philippines for
Weston Corporation of Philippines
U.S. $3,360,000
March 1988
The undersigned arranged and executed this transaction.

NV BEKAERT S.A.
Debt for equity swap in Brazil for
BEMAF - BELGO - MINEIRA BEKAERT ARAMES FINOS S.A.
U.S. $8,800,000
June 1988
The undersigned arranged and executed this transaction.

CIBA GEIGY SAIC Y F.
successfully completed onlending capitalization in Argentina amounting
U.S. $4,200,000
September 1988
The undersigned acted as financial advisor to CIBA GEIGY SAIC Y F and arranged for the capitalization of onlending loans pursuant to communication "A 1196".

GRUPO COPAMEX *(Mexico)*
and its subsidiaries
U.S. $10,000,000
Recapitalization through Debt redemption
February 1988
The undersigned structured and managed this transaction.

Westfield Minerals Ltd.
Debt for equity swap in Chile for
Westfield Minera de Chile Ltda.
U.S. $5,900,000
March 1988
The undersigned arranged and executed this transaction.

Eastman Kodak Company
Debt for equity conversion transaction in Brazil for
Kodak Brasileira Commercio e Industria Limitada
U.S. $20,000,000
September 1988
The undersigned arranged and executed this transaction.

Echlin Inc.
Debt for equity swap in Brazil for
Echlin do Brasil S.A.
U.S. $10,200,000
December 1988
The undersigned arranged and executed this transaction.

Jim Walter Resources, Inc.
successfully completed the discounting of short term receivables issued by
SOMISA
U.S. $15,000,000
May 1988
The undersigned acted as financial advisor to Jim Walter Resources, Inc. and arranged medium term financing under the 1985 and 1987 TRADE CREDIT AND DEPOSIT FACILITIES.

Claremont Ltd.
Debt for equity swap in Brazil for
Zahran Group (Brazil)
U.S. $7,900,000
November 1988
The undersigned arranged and executed this transaction.

Avin International Corporation
successfully completed a debt conversion and refinancing transaction in Yugoslavia
U.S. $95,600,000
Brodosplit Shipbuilding Industry "SPLIT," Yugoslavia
September 1988
The undersigned structured and managed this transaction.

A subsidiary of Corning Glass Works
Debt for equity conversion transaction in Brazil for
Corning do Brasil—Vidros Especiais, Ltda.
U.S. $15,000,000
September 1988
The undersigned arranged and executed this transaction.

RJR Nabisco, Inc.
Debt conversion transaction in Brazil for
R.J. Reynolds Tobacos do Brasil Ltd.
U.S. $21,052,628
July 1988
The undersigned arranged and executed this transaction.

The above listed transactions were conducted by the following: Citibank N.A. or Inarco International Bank N.V.

INTERNATIONAL COMPANIES AND FINANCE

Texaco puts further poor properties up for sale

By Roderick Oram in New York

TEXACO has doubled the number of poorly performing oil and gas properties it plans to sell, to bolster its exploration and production activities as part of a strategic shift to lower risk ventures.

Mr James Dunlap, president of Texaco USA, said yesterday that the company wants to sell 3,000 properties worth between $300m and $600m.

In its original bankruptcy reorganisation plan, Texaco identified 600 properties it wanted to sell, but it increased the number to 1,400 last November. Last year it found buyers for 674 properties, bringing in $199m.

Mr Dunlap said Texaco was going to focus on "low risk drilling ventures." For example, it will no longer drill in Gulf of Mexico water deeper than 3,000 ft if it is spending only its own money.

"We have made a major shift in strategy. We are now in the marketplace looking for a joint venture for 100 per cent of our wildcat activity," he said.

In recent years some 65 per cent of Texaco's drilling had been in high risk prospects, Mr Dunlap estimated.

By next year only 25 per cent will be, and that will involve partners.

The company, which emerged from bankruptcy last year with one of the poorest upstream records of the major oil companies, announced a shake-up of its US exploration and production operations last week. This will make line managers more responsible for profits.

Mr James Kinnear, Texaco's chief executive, has said in the past that he is trying to partially shift the company's focus upstream from refining and marketing to exploration and production.

The upstream business has been broken into 12 divisions grouped in two regions, one based in Denver and the other in New Orleans.

Each division will operate as a small self-contained unit. The new structure will replace 28 branch offices and several layers of management.

Sea Containers opens its arms to Stena

Kevin Brown and Sara Webb on a group's upbeat reaction to a possible Swedish bid

Mr James Sherwood, president of the Bermuda-based Sea Containers corporation, was in ebullient mood yesterday in the face of a possible bid from Stena, the Swedish shipping and property group.

Far from dismissing Stena, Mr Sherwood congratulated the Swedish group on its astuteness in acquiring an 8.17 per cent shareholding, and said he was ready to talk about possible joint ventures as soon as possible.

The upbeat response was in line with Mr Sherwood's reputation as an unorthodox opportunist who rarely misses an opportunity to do the unexpected. However, there may be more solid strategic grounds for his sympathetic response.

Mr Sherwood spent yesterday at Sea Containers' operational headquarters in London putting the final touches to the group's 1988 figures, due to be announced later today.

He has been forecasting record net profits of around $110m all year, and the betting yesterday was that he may not be far wrong. If so, the figures will underline the transformation in Sea Containers' fortunes which has taken place since 1986, when the group reported net losses of $50m.

Even if an extraordinary profit of $40m from the sale and lease back of Sea Containers House in London is discounted, the figures will still reflect the renewed strength of both the group's main activities – container leasing and the Sealink ferry operation around the UK coast.

Mr Sherwood's response to the improvement has been to put together his own war-chest of around $175m for investment in UK ports and harbours, and in the short-sea routes between the UK and the Continent, where he is convinced there is a good future for ferry operations.

Sealink has already bought several ships in the second-hand market to give its services a short-term boost, and is talking to shipyards about the possibility of ordering up to seven more ships.

Mr Sherwood has also placed orders for two high-speed catamarans for the Channel or Irish Sea services, and is seeking a stake in both the French and Dutch state-owned Channel ferry companies.

This expansion is intended to maximise Sealink's market share on the UK-Continent routes before the Channel tunnel opens in 1993.

But Mr Sherwood has had less success with the second element of his long-term strategy, which is to persuade other ferry companies to close ranks against the tunnel to avoid hurting each other.

James Sherwood: ready to talk about joint ventures

He has tried several times to interest Peninsular and Oriental Steam Navigation, the other major operator in the Channel, in the possibility of a fast, upmarket joint service, but has failed to convince Sir Jeffrey Sterling, P & O's chairman. A deal with Stena might have the twin effect of strengthening Sealink's hand against both the tunnel and P & O, while avoiding problems with monopolies legislation.

Stena was saying yesterday that it had not decided whether to make a full bid for Sea Containers or to propose a joint business operation. But Mr Dan Sten Olsson, chief executive of the Gothenburg-based group, confirmed that his principal interest is in expanding Stena's ferry interests outside its Nordic base. "We have looked at the company [Sea Containers] for a long time, we know their car ferry and harbour business very well, it's a sound investment and we want to contact James Sherwood now," Mr Olsson said.

Stena seemed unsure what synergies a deal with Sea Containers would bring, or what form it would take. But the company's great strength is the experience of upmarket ferry operations which it could bring to the UK-Continent business.

Stena Line, the group's ferry subsidiary was partly floated off last year, when 50 per cent of the shares were sold on the Stockholm Stock Exchange. However, Stena retains 75 per cent of the voting shares.

The line specialises in the growing mini-cruise and conference markets. About 80 per cent of turnover comes from passenger ferries, split between holiday travel (45 per cent) pleasure excursions (45 per cent) and business conferences (10 per cent).

The company says it has adopted the "service-first" mentality epitomised by another Swedish businessman, Jan Carlzon, chief executive and president of SAS, the Scandinavian Airline.

"We look at the ferries as cruises, not transportation, and try to offer value-added service" Mr Olsson said. The group puts a lot of emphasis on pleasant surroundings and on-board entertainment, and devotes SKr5-10m a year on training its personnel to be more service-minded.

Stena was set up by Mr Olsson's father, Mr Sten Allan Olsson, who still owns 20 per cent of the shares in the company, while his son owns the rest. Apart from the 50 per cent share in Stena Line, the group has interests in the tanker business, property, buying and selling ro/ro ships and car passenger ferries, and the offshore business, where there have been long-term problems.

Stena Line reported profits (after financial items) of SKr162m ($25.39m) on SKr2.12bn turnover in 1986/87, increasing profits to SKr212m on turnover of SKr2.53bn in 1987/88. The group reported profits (after financial items) of SKr200m in 1987/88 on SKr2.6bn turnover, compared SKr150m profits a year earlier.

Overseas expansion helps Toys 'R' Us to set record

By Karen Zagor in New York

TOYS "R" Us, the world's largest toy retailer, yesterday announced another record year, with earnings per share up 31 per cent.

Net profits for the fourth quarter to January 29 were $196.6m or $1.50 a share on revenues of $1.89bn from $154.3m or $1.19 on $1.54bn sales a year earlier.

The growth in fourth quarter profits came despite weaker Christmas sales than some had expected.

For the full year, net earnings were $268.0m or $2.04 on revenues of $4.00bn, compared with $203.9m or $1.56 the previous year. Sales improved by 27.5 per cent to $4.00bn from $3.14bn a year earlier.

The group has been expanding steadily in overseas markets and opened 15 stores worldwide during the year, in countries such as Canada, Malaysia, the UK and West Germany.

Mr Charles Lazarus, founder, chairman and chief executive, said: "1988 was another excellent year for Toys "R" Us in terms of sales, earnings and market share expansion. We opened 45 toy stores in the US, and our comparable US toy store sales rose 6.2 per cent for the fourth quarter and 11.3 per cent for the year.

"We look forward to another record year in 1989. This year we plan to open 47 toy stores in the US, 20 toy stores internationally and 25 Kids "R" Us stores."

Tan increases offer for SSMC

By David Owen in Toronto

A FRESH salvo was fired in the battle for SSMC yesterday, when Inter-Pacific Acquisition announced that it was amending its offer for the Singer sewing-machine manufacturer.

Mr Vincent Tan, the Malaysian investor who heads Inter-Pacific, is now offering US$37 per share for up to 4.9m units of SSMC common stock – about 76.7 per cent of the shares not already owned by Inter-Pacific and affiliates. Mr Tan already owns about 9.9 per cent of SSMC's stock.

Previously, Mr Tan had offered $33 a share in cash for 90.1 per cent of the Connecticut-based company. The new bid is worth less than the earlier offer, with a total value of $181.3m instead of $211m.

Liberty Life climbs 40% and plans Sun Life talks

By Jim Jones in Johannesburg

LIBERTY LIFE, the South African insurance group, yesterday reported pre-tax profits up 40 per cent last year to R243.4m ($95.3m) and said it hoped for talks concerning its Sun Life investment in the UK.

Through its TransAtlantic Insurance Holdings associate, Liberty Life controls 29.9 per cent of Sun Life, and last autumn fended off an attempt by the British group to exchange shares with Union des Assurances de Paris (UAP), which would have diluted the Liberty group's Sun Life holding to below 20 per cent.

Mr Donald Gordon, the chairman, said in Johannesburg yesterday the relationship between Sun Life, TransAtlantic and UAP "had reverted to relative normality which will enable discussions to take place as to how best the interests of Sun Life could be advanced in an increasingly regulated and difficult market."

Liberty's investment income increased in 1988 to R1.03bn from R796m. Net premium income rose 2.5 per cent to R1.46bn, as substantially fewer single-premium policies were sold.

The company was affected by a substantially higher tax rate, holding back growth in net earnings, which increased to R7.30 a share from R6.18. The year's dividend has been lifted to R5.30 from R4.40.

INTERNATIONAL CAPITAL MARKETS

Budget lift for Eurosterling bonds

By Andrew Freeman

THE RELAXATION in Tuesday's UK Budget of rules governing short-dated Eurosterling deals inspired a flood of telephone inquiries from borrowers keen to launch issues. However, although Eurobond markets saw plenty of talk yesterday, there was little action.

Syndicate managers agreed that lack of investor demand and the closure of arbitrage possibilities made launching a Eurosterling issue unrealistic.

In particular, swap rates at the short end of the yield curve narrowed sharply, tightening by as much as 10 basis points and discouraging activity.

Secondary market trading of short-dated Eurosterling issues was quiet, with prices rising by about ⅛ point. Tradera reported plenty of interest, but said this failed to translate into buying. Longer-dated sterling issues were firm.

Yesterday's only sterling deal, a £100m issue by Royal Insurance Holdings, was arranged well before the Budget. The issue was described by lead manager Kleinwort Benson as targeted, with the entire £100m placed with a single Japanese investor.

The Budget changes were widely welcomed, particularly the decision to allow issue denominations as small as £100,000. One trader summed up market sentiment, saying: "The new rules look flexible and sensible, but where are the investors?"

According to one would-be lead manager, matching borrower's requirements with investor demand might involve Eurobond houses taking a risk and launching two-year Eurosterling deals carrying 12 or 12¼ per cent coupons.

Such deals would rival the yields of recent Canadian dollar issues, like those for Pirelli and the International Finance Corporation. Investors would then have a straight choice of currency risks.

INTERNATIONAL BONDS

The mismatch of borrower needs and investor demand is currently even more pronounced in the US dollar sector, where investors are keen on seven- or 10-year bonds. Most borrowers want to exploit the inverted yield curve and borrow for only two years, avoiding what could become expensive funds at the longer end.

Yesterday's US trade figures had a neutral effect on the market.

Daiwa Europe braved the pre-announcement calm to launch a $100m three-year deal for Sumitomo Metal International Finance. The bonds carried a 10⅜ per cent coupon and were priced at 101.20 to yield 63 basis points over the equivalent US Treasury on a semi-annual basis.

Many traders felt that, given market conditions, this was far too tight. The deal had a rough reception, quoted by some brokers as low as less 2.20 bid, well outside underwriting fees of 1⅞ per cent. The lead manager was later supporting the issue at less 2 bid.

The issue proceeds are believed to have been swapped into floating-rate dollars to achieve a funding rate of around 10 basis points below Libor.

Daiwa also launched an equity warrant deal for Teijin, the largest polyester manufacturer in Japan. The $300m deal carried an indicated coupon of 4½ per cent and immediately went to a sharp premium to the par issue price. The lead manager was quoting the bonds at 103 bid. Final terms will be set on March 22.

Late in the day, Mitsubishi Finance launched a 10-year Ecu125m deal for the European Investment Bank. The bonds came with a 9 per cent coupon and were priced at 101⅞ per cent. The proceeds were unswapped.

The lead manager quoted the bonds at less 1.97 bid, inside underwriting fees of 2 per cent. However, several traders felt that the issue was aimed at uncertain demand and that the coupon should have been ⅛ point higher.

In Switzerland yesterday the secondary bond market improved as sentiment over interest rates became less pessimistic.

Nomura Securities successfully launched its first Swiss franc issue as a borrower. The public tranche, brought by Union Bank of Switzerland, was sold out by the end of the day and was quoted by UBS at a premium to the par issue price of 1⅛ per cent. Elsewhere in the grey market the price was 100¾ bid.

Late in the day, a Swiss Bank Corporation official could not confirm that the HCA Finance SFr100m bond issue had been called following yesterday's shareholder approval in the US of a management buy-out of Hospital Corporation of America, the parent company and guarantor of the issue. Trading in the bonds was suspended on Monday at 87 bid.

In Germany markets continued their recent recovery.

Prices rose by ¼ point before the US trade figures and climbed again later to end around 35 basis points higher, with the generous allocation of the repurchase agreement boosting sentiment.

The Soviet deal improved by 25 basis points to less 2.75 bid as moderate retail interest emerged. One large order helped to move the price higher.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Sumitomo Metal Int.Fin(a)◆	100	10⅜	101.20	1992	1⅞/⅞	Daiwa Europe
Sparekassen SDS(b)◆	100	10⅝	102	1999	2	Drexel Burnham Lambert
Teijin Ltd.‡	300	(4½)	100	1993	2¼/1½	Daiwa Europe
STERLING						
Royal Insurance(c)★★◆	100	11.61	100⅞	1990	⅞	Kleinwort Benson
YEN						
Oest. Laenderbank(d)◆	60bn	5.56	102	1990	2/1¼	Salomon Brothers
ECUs						
EIB(e)◆	125	9	101⅞	1999	2/1¼	Mitsubishi Finance Int.
SWISS FRANCS						
Nomura Secs.Co.(f)§	250	(5¾)	100	1994	n/a	UBS
Nomura Secs.Co.(f)★★§	250	(5½)	100	1994	n/a	Nomura Bank (Switz)

★★Private placement. ‡With equity warrants. §Convertible. ◆Final terms. a) Non-callable. b) Call after 3 years at par. Unlisted. c) Coupon payable quarterly. d) Callable at par March 1992, thereafter on coupon dates. e) With purchase fund. f) Indicated put option 31/3/92 at 105 to yield 2.132%.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 15

US DOLLAR STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; SWISS FRANC STRAIGHTS; CONVERTIBLE BONDS

[illegible]

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Japan nears capital standard

JAPAN'S Finance Ministry has completed a final draft of capital adequacy rules for resident securities houses. They are expected to take effect in early 1990, Reuter reports.

The ministry said the move was aimed at assuring the international credibility of Japanese resident brokerages. It wants to introduce the standard experimentally from mid-1989.

The rules stem from discussions between the US, Britain, France and Japan in working groups at the International Organisation of Securities Commissions.

The draft rules put different risk weightings on various assets and require security houses' risk assets, as calculated by risk weightings, to remain basically within their capital minus illiquid and fixed assets.

The draft rules divide risks into three categories: market risks, risks in the failure to fulfil and settle contracts, and basic risks due to instability of income.

Under the draft rules, risk weightings on Japanese bonds will be as follows:

● On government bonds with maturities of less than one month to over 15 years the weighting will be 0.2 per cent to 5 per cent.

● On government-guaranteed and municipal bonds and bank debentures of maturities of less than one month to over 15 years it will be 0.3 per cent to 8 per cent.

● On all other bonds it will be 0.6 per cent to 16 per cent.

● On foreign sovereign bonds of members of the Organisation for Economic Co-operation and Development with maturities of under one month to more than 25 years the weighting will be 0.2 per cent to 7.6 per cent.

Canadian bank acquires US securities dealer

TORONTO-DOMINION Bank has agreed to acquire American Government Securities, a dealer in US government securities based in New Jersey, Reuter reports.

Terms were not disclosed and further details about AGS's operations were not immediately available. Toronto-Dominion described the acquisition as small.

The bank said AGS would continue to conduct normal business until the acquisition was completed. The firm would relocate to New York.

Toronto-Dominion said the main value in its purchase of AGS came from the firm's licences to trade in US government securities, which would allow the bank to enter that market without time-consuming regulatory hurdles.

Some of AGS's eight employees will be retained by Toronto-Dominion.

Sanwa Bank in CP application

SANWA BANK, one of Japan's largest commercial banks, has submitted a request to the US Federal Reserve Board to issue commercial paper in the US domestic market, AP-DJ reports.

If approval is granted, Sanwa will become the first Japanese commercial bank to issue commercial paper in the US market. In addition to commercial paper, Sanws would be allowed to issue certain noo-public bonds.

COMPANY NOTICES

Notice to the Shareholders of

Copenhagen HandelsBank A/S
(Aktieselskabet Kjøbenhavns HandelsBank)

At their Annual General Meeting, convened for 13 March 1989, the Bank's shareholders adopted the resolution for dividend to be declared at 15 per cent for 1988.

The dividend will be paid to the shareholders – less 30 per cent dividend tax – on 17 March 1989 via the Danish Securities Centre (Værdipapircentralen) and credited to the bank accounts which they have designated.

Note should be taken that shareholders who have not yet registered their shares with the DSC must do so in order to receive their dividend.

Copenhagen, 13 March 1989

Copenhagen HandelsBank A/S
(Aktieselskabet Kjøbenhavns HandelsBank)

NOTICE TO NOTEHOLDERS

CHRYSLER FINANCIAL CORPORATION
US$ 100,000,000 7½% NOTES DUE 1991

In accordance with Clause 4 (c) of the Terms and Conditions of the above issue and in compliance with the provisions of the Fiscal Agency Agreement, notice is hereby given that the securities are subject to redemption at the option of the holder on May 15, 1989 at 99½% of the principal amount.

To exercise such option the holders must deposit the Notes to be redeemed, together with all coupons appertaining thereto maturing after the redemption date, with any of the paying agents listed below not later than April 15, 1989.

Principal Paying Agent: Banque Paribas (Luxembourg) S.A. Luxembourg

Paying Agents: Banque Paribas Paris.
Morgan Guaranty Trust Cy of New York Brussels
Swiss Bank Corporation Basle

On behalf of the Issuer
BANQUE PARIBAS (LUXEMBOURG) S.A.

Luxembourg, March 14, 1989

LEGAL NOTICES

PORTFOLIO CERAMICS LIMITED
(IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to section 48 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above named company will be held at the Grand Hotel, Colmore Row, Birmingham on 22 March 1989 at 11.00 am for the purposes of having laid before it the report prepared by the administrative receiver in accordance with the said section and, if thought fit, appointing a committee.
Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat the liability of any person who is liable on the bill antecedently to the company as security held by him (unless that other person is subject to a bankruptcy order or in liquidation).
Creditors wishing to vote at the meeting must lodge a written statement of their claims with me at Cork Gully, 43 Temple Row, Birmingham, B2 5JT no later than 12 noon on 21 March 1989. A form of proxy, if intended to be used, must also be lodged with us by that time.
DATED this Eighth day of March 1989
John F Powell
Administrative Receiver

PUBLIC NOTICES

LONDON BOROUGH OF BARNET
EDUCATION COMMITTEE
APPOINTMENT OF CO-OPTED MEMBERS

The Education Committee of the Council of the London Borough of Barnet in the municipal year 1989/90 will consist of 25 members of the Council together with 10 co-opted members.

The Council, at their Annual Meeting on 9th May, 1989, will be considering the appointment of 10 persons to serve as co-opted members for the ensuing municipal year on the following basis:-

(a) 4 representatives of religious denominations [1 Church of England, 1 Roman Catholic, 1 Free Church and 1 Jewish];

(b) 3 teachers (1 representing primary schools, 1 representing secondary schools and 1 representing further education); and

(c) 3 persons of experience in education who are acquainted with the educational conditions prevailing in the area.

Any person or organisation interested in education is invited to submit nominations for the appointment of co-opted members on the basis outlined above.

YOUTH AND COMMUNITY SERVICES SUB-COMMITTEE

The Council, at the Annual Meeting, will also be considering the appointment of persons to serve as co-opted members of this Sub-Committee for the ensuing municipal year.

Nominations in respect of both the Education Committee and the Youth and Community Services Sub-Committee should be sent to reach me at the Town Hall, Hendon, NW4 4BG as soon as possible and in any event not later than MONDAY, 10TH APRIL, 1989.

E. M. BENNETT,
Chief Executive and Town Clerk.

Town Hall,
Hendon, NW4 4BG
28th February, 1989

MIDLAND INTERNATIONAL FINANCIAL SERVICES BV
FRF 900.000.000
FLOATING RATE NOTES DUE 1997

Interest Rate: 9,34%

Interest Period: March 15, 1989 to June 14, 1989

Coupon no 0:
per FRF 10.000 FRF 236,69
per FRF 100.000 FRF 2.366,89
due June 15, 1989

SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

CLUBS

EVE has outlived the others because of a policy on fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 01-734 0557. 189, Regent St, London.

LEGAL NOTICES

IN THE MATTER OF DAVID GREEN (WHISKY BROTHERS) LIMITED AND IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the Creditors of the above named company, which is being voluntarily wound up, are required, on or before the 3rd day of April 1989 to send in their full christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their solicitors (if any) to the undersigned SURJIT KUMAR SINGLA, FCA of SINGLA & CO, Chartered Accountants, 49 Queen Victoria Street, London EC4N 4SA, the Liquidator of the said company, and if so required by notice in writing from the said Liquidator, are personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 3rd day of March 1989

S.K. SINGLA
Liquidator

NOTE: The above notice is purely formal as all known debts have been or will be paid in full.

CONTRACTS & TENDERS

FROM: PETROL OFISI A.Ş. GENEL MUDURLUGU
BESTEKAR SOKAK NO: 8
KAVAKLIDERE/ANKARA/TURKEY

1) Petrol Ofisi invites sealed bids from domestic and foreign bidders for the manufacture of "MACHINERY ANO CONVEYANCE MECHANISMS FOR A FULL AUTOMATIC MINERAL OIL FILLING AND PACKING LINE": the installation and delivery to the Mineral Oil Mixing Plant of the Ofisi in Aliağa/IZMIR-TURKEY of the complete plant in an operating state after running tests.

2) The estimated price of this work is not specified, but the bid security will not be less than 3% of the total offered price.

3) The specifications may be obtained upon payment of TL 100.000.- to the cashier's office of Directorate General of Petrol Ofisi A.Ş. and submission of the receipt to Materials Department located in "P.O.A.Ş. Genel Müdürlüğü Bestekar Sok No: 25 Kavaklidere/ANKARA/TURKEY".

4) The bidders will deliver their bids in person or by registered mail not later than 14.30 hours on 2.May. 1989 to "Petrol Ofisi A.Ş. Genel Müdürlüğü, Haberleşme Şube Müdürlüğü Bestekar Sok. No: 8 Kavaklidere/ANKARA TURKEY". The outer envelope enclosing the bid will bear the title of the work. No delays in mail will be accepted.

5) The bids will be opened in the presence of bidders' representatives who choose to attend at 15.00 hours on 2.May. 1989 at the Head of Purchasing Commission, "Bestekar Sok. No: 25 Kavaklidere/ANKARA-TURKEY".

6) Petrol Ofisi A.Ş. is not subject to the State Bidding Act of the Republic of Turkey and is free whether or not to conclude the bidding and to award the contract to the bidder whose bid is suitable in respect of price and quality.

PETROL OFISI A.Ş.
GENEL MUDURLUGU

INTERNATIONAL CAPITAL MARKETS

Kredietbank plans global equity issue

By David Lascelles, Banking Editor

KREDIETBANK, Belgium's third largest bank in terms of assets, is considering making its first international equity issue in order to expand its capital resources and raise its international profile.

Mr Remi Vermeiren, chief executive, said the timing and size of the issue had yet to be decided, but a decision would be taken towards the end of the month.

The issue would be lead managed by Morgan Stanley International.

Kredietbank, which is 40 per cent owned by the Almanij Group, is active principally in the Flemish-speaking part of Belgium, although it also has an investment banking business and is a leading bank in the Ecu market.

Mr Vermeiren said the bank had no immediate need for capital as its ratios were above those set by the international Basle rules. "But we would like to do it before we have our backs to the wall," he added.

Krediotbank intends to remain independent in the single market which is emerging in the European Community, but it might seek co-operative arrangements with banks in other countries. Its international expansion would be "to follow our clients."

In the year ended March 30 1988, Kredietbank made a net profit of BFr3.7bn ($95.4m).

In the next six months it earned BFr2.3bn. Mr Vermeiren said the results for the year as a whole would show a similar increase.

Swiss bank to raise $53m by one-for-eight rights

By William Dullforce in Geneva

BANCA DELLA Svizzera Italiana (BSI), Switzerland's sixth largest commercial bank which came under new control last year, is raising SFr84m ($53m) in equity capital through a one-for-eight rights issue.

Current shareholder funds of just over SFr600m barely exceed Swiss official capital requirements, following the 20 per cent surge in the balance sheet total to SFr7.9bn last year.

In the first two months of 1989 tbo balanco sbeet advanced to SFr8.5bn. Mr Giorgio Ghiringhelli, BSI's president, expects the ambitious projects launched nnder the new owners to lead to e further strong expansion this year.

BSI proposes to offer shareholders 40,050 new registered shares with a nominal value of SFr100 at a price of SFr300 each, a current holding of eight registered shares qualifying for one new share.

In addition, 49,918 bearer shares with a nominal value of SFr500 will be offered at a price of SFr1,500 each. Holders of both bearer shares and tranche A participation certificates will have the right to subscribe to one new bearer share for every eight bearer shares or PCs currently held.

In addition, BSI proposes to issue 30,000 new registered shares and 50,000 new bearer shares without shareholder preference. This stock would be reserved for issues of convertible loans or warrant bonds later this year.

In 1988 BSI came under the control of Uni-Tower Holding, a partnership involving Unigestion, the Geneva-based finance company, and Park Tower, a New York real-estate development group.

Taiyo Kobe Bank of Tokyo acquired about 11 per cent of the share capital, representing 2 per cent of the voting rights.

Net earnings rose by only 2.6 per cent to SFr46.6m last year and would have been lower without an extraordinary income of SFr19m realised from the merger with Banque Romande in Geneva. The bank has proposed an unchanged dividend of 14 per cent.

Net income was 30 per cent higher in January and February this year against the first two months last year.

BSI is expanding its operations in Zurich, Geneva, London and New York. The London branch, opened last year, recorded a loss of about SFr4m bnt had reached break-even point in the first two months of 1989.

Treasuries rise modestly as US trade deficit narrows

By Janet Bush in New York and Norma Cohen in London

US TREASURY bonds rose modestly yesterday morning along with the dollar and equities after the trade deficit narrowed by slightly more than expected in January.

At midsession, prices were quoted as much as ¼ point higher and the Treasury's benchmark long bond stood about ⅛ point up for a yield of 9.09 per cent.

The Commerce Department said the seasonally adjusted trade deficit had narrowed to $9.49bn in January from a revised $10.99bn in December. Forecasts had looked for a $9.7bn shortfall in January.

The December shortfall had originally been reported as $10.23bn.

The upward revision in the December deficit coupled with the slightly better than expected shortfall in January should have been broadly neutral for the market.

However, bond prices received a small boost on the argument that lower exports provided evidence of a slowdown in the manufacturing sector, which would ease price pressures and therefore upward pressure on interest rates. Traders also argued that lower imports signalled a weakening in consumer demand.

Exports fell by 4.3 per cent while imports declined by 6.9 per cent.

Bond prices were also helped by a modest rise in the dollar. At midsession, the US unit was quoted at Y130.45 compared with an earlier low of Y129.72, and at DM1.8705 from a low of DM1.8562.

Some bond economists argued the rise in bonds had more to do with the market's favourable technical position and the fact that it had been priced cautiously ahead of the trade figures than that the mix of imports and exports signalled a dramatic improvement in trends.

US business inventories rose 0.7 per cent in January following an unrevised increase of 0.9 per cent in December.

There are no signs of economic weakness in this statistical series.

The market still has to digest today's industrial production and capacity utilisation figures for February and tomorrow's all-important producer prices index.

Fed funds continued to trade just below 9¾ per cent, consistent with a Fed target range of 9½ per cent to 9¾ per cent, which economists believe to be in place.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-18	+1/32	10.55	10.54	10.31
		9.750	1/98	98-30	+6/32	9.93	9.98	9.74
		9.000	10/08	99-30	+10/32	9.01	9.05	8.94
US TREASURY *		8.875	2/99	97-12	+5/32	9.30	9.30	9.22
		8.875	2/19	97-23	+6/32	9.10	9.10	9.07
JAPAN	No 111	4.800	6/98	99.2174	+0.151	5.20	5.14	4.93
	No 2	5.700	3/07	106.0327	-0.101	5.06	5.00	4.85
GERMANY		6.375	11/98	96.3000	+0.200	6.93	6.94	6.82
FRANCE	BTAN	9.000	1/94	95.3039	+0.202	9.23	9.27	9.09
	OAT	8.125	5/99	94.2400	+0.616	9.00	9.05	8.90
CANADA *		10.250	12/98	98.4000	+0.150	10.61	10.45	10.22
NETHERLANDS		6.7500	10/98	97.9250	+0.400	7.18	7.09	7.08
AUSTRALIA		12.000	7/99	90.3847	+0.001	13.75	13.66	13.89

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

UK GOVERNMENT gilts shed much of the price gains scored in after-market trading following Tuesday's Budget address by Mr Nigel Lawson, the UK Chancellor. Dealers described trading as dull, with most of initial enthusiasm for the non-stimulative budget package washed ont of the market.

The late surge on Tuesday largely reflected buying from speculative accounts which had focused on the absence of broad-scale tax cuts for any sector of the population, with the exception of changes in National Insurance and taxation of the elderly.

Indeed, dealers characterised most of the day's activity as profit-taking by their counterparts hoping to cash in on the sharp rise in prices in a late, thin market.

But the markets remain sceptical about the accuracy of the Chancellor's inflation forecast which, although far more cautious than earlier prognostications, still appears more optimistic than many in the City anticipate. Dealers point out that even if the Chancellor's anti-inflation efforts are successful, the worldwide increase in inflation is likely to have an impact in the UK as well, possibly thwarting government efforts to stifle it by year end.

Dealers said they noted selective buying among issues maturing between 1994 and 1998, where some of the government's highest coupon issues are lodged.

In the Chancellor's Red Book, released yesterday in conjunction with the Budget, the Government spells out its intention to pay more attention to outstanding debt with respect to the cost of servicing it. Dealers assume that Bank of England buying in activities are likely to concentrate on this sector in the coming year.

JAPANESE government bond prices rose in active Tokyo trading which spilled over into the London day. The prices were largely prompted by an unexpected infusion of liquidity by the Bank of Japan, which purchased Y800m of two-week bills at 4.6875 per cent, four basis points below prevailing market rates.

The move was seen by some players as a signal intended to reassure investors that no rate rises are imminent.

Dealers said that much of the trading activity reflected covering of short positions, with yesterday being the last day to do so for March 27 delivery – the date for delivery of the March yen bond contract.

However, after the close of trading, the JGB prices sank in line with the yen as the dollar gained on an optimistic economic forecast by the Federal Reserve.

IN West Germany, government bond prices closed on average ½ point higher aided by an injection of liquidity from the Bundesbank that was somewhat more generous than most had expected. The Central Bank allocated DM15.5bn in its operation, replacing only DM11.6bn, which was expiring.

Trading was described as more active than in recent days, with dealers noting a positive reaction to news of a slightly better than expected US trade deficit in January. The latest Federal government 7 per cent bond was fixed at 100.65, rising to 100.80 late in the day against a fix on Tuesday of 100.20 per cent.

Volkart to sell coffee business

By William Dullforce in Geneva

VOLKART BROTHERS, the Swiss commodities trading group, is disposing of its $1.2bn a year coffee business in a partial management buy-out.

A group of managers, headed by Mr Paul Möller, the current coffee division manager, is forming a new company to acquire the coffee trading assets.

Mr Möller said the group was negotiating with potential partners and Volkart, which would remain a minority shareholder, about the funding of the new company. Swiss Bank Corporation is acting as adviser and lead bank.

It is hoped the new company will start business on July 1 but Mr Möller said yesterday it might be two or three months before a final decision was made on the shape of the company. The partners, performing the role of capital holders, could be foreign or Swiss.

As part of the deal, Volkart's New York activities will be phased out over the next few months. This would reduce the annual turnover of the coffee business to between $600m and $800m, ranking the new company among the top five to 10 traders worldwide.

Mr Andreas Reinhart, Volkart's chairman, said the group had been moving for some time towards an investment company structure. Volkart Brothers moved out of cocoa trading two years ago and now retains only a re-organised cotton merchandising business, based in Dallas, Texas as a core commodity operation.

The Winterthur-based group's excellent financial position would lend itself to an active strategy of acquisitions and partnerships in non-commodity sectors, Mr Reinhart said.

It was one of the founding shareholders in BZ Bank Zurich and more recently – together with Hentsch, the Geneva private bank – took a holding in FFM Financière, a securities trading house specialising in options, financial futures and currencies.

● Manufacturers Hanover Bank France is assembling a syndicate for a nominal FFr300m multi-option facility (MOF) for Société de Développement Régional de Lorraine, the regional development board of the eastern French region of Lorraine. The MOF will be open for five years, with an option available for a further two.

Interest will be payable at the relevant Pibor rate plus 15 basis points. Fees payable on signature range from 0.20 per cent for the lead manager, which will commit FFr70m, to 0.12 per cent for a commitment of FFr20m.

Irish futures exchange sees April launch

THE Irish Futures and Options Exchange (IFOX) plans to go live by the middle of next month, Reuter reports.

Mr Diarmuid Bradley, chief executive, said: "We have been running courses and there is a lot of interest in the market."

IFOX has rejected the open outcry systems favoured in London and Chicago and has opted for a cheaper automated trading system for its 23 members.

All the seats, priced at I£60,000 punts ($88,000), have been sold, mainly to the chief financial players in the Irish market like Allied Irish Banks and the Bank of Ireland.

Trading will begin in three futures contracts – 20-year Irish gilts, an interest rate future based on the three-month Dublin interbank rate and a future on the Irish punt/dollar rate.

SEC unanimously backs stock basket products

By Janet Bush in New York

THE SECURITIES and Exchange Commission has voted unanimously to approve new stock basket products planned by the Philadelphia Stock Exchange, the American Stock Exchange and the Chicago Board Options Exchange.

It is expected that all the formalities of the rule change will be completed by the end of this week, allowing the exchanges to trade their new products, which are fairly similar in conception.

The Philadelphia exchange was the first to propose a new product which would allow an investor to trade simultaneously a batch of stocks based on the component stocks of a major index.

The Philadelphia product, which is called a cash index participation contract, is a hybrid between a futures contract and a security.

Although it is a contract, it would trade like an individual stock. It would have no expiry date and would attract a quarterly dividend.

The American SE came out with its own version, called an equity index participation contract. The CBOE plans something similar.

The SEC's deliberations over whether to approve basket products have been the subject of considerable controversy.

The Chicago Mercantile Exchange and the Chicago Board of Trade, both futures markets, have argued vigorously that these products are not securities but futures.

Mr David Ruder, SEC chairman, said he was convinced the new products were securities.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Tue Mar 14 Index No.	Mon Mar 13 Index No.	Fri Mar 10 Index No.	Year ago (approx) Index No.
1–69 [illegible]	[illegible]									
70 Other Financial (32)	388.15	-0.4	9.23	5.25	13.63	1.92	389.88	385.34	383.17	397.55
71 Investment Trusts (73)	1113.74	-0.1	-	2.81	-	6.18	1117.85	1106.71	1103.06	875.63
81 Mining Finance (2)	682.43	-0.7	8.49	3.16	13.81	2.50	686.92	686.92	686.18	442.54
91 Overseas Traders (8)	1403.12	......	8.43	4.76	13.85	15.65	1403.40	1388.81	1381.25	1019.99
99 ALL-SHARE INDEX (709)	1099.58	-0.2	-	4.87	-	7.02	1101.68	1091.27	1088.32	957.12

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 14	Mar 13	Mar 10	Mar 9	Mar 8	Year ago
FT-SE 100 SHARE INDEX♦	2121.2	-4.2	2124.6	2109.0	2125.4	2103.0	2085.2	2075.9	2083.3	1825.7

FIXED INTEREST

	PRICE INDICES	Wed Mar 15	Day's change %	Tue Mar 14	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.39	+0.06	118.32	-	2.84
2	5-15 years	136.34	+0.25	136.00	-	2.32
3	Over 15 years	148.41	+0.26	148.01	-	3.99
4	Irredeemables	177.29	+0.24	176.86	-	1.51
5	All stocks	133.35	+0.19	133.09	-	2.73
	Index-Linked					
6	5 years	132.25	-0.41	132.79	-	1.36
7	Over 5 years	133.76	-0.56	134.51	-	8.95
8	All stocks	133.57	-0.55	134.31	-	8.95
9	Debentures & Loans	118.06	+0.08	117.97	-	2.14
10	Preference	89.77	+0.32	89.48	-	1.12

	AVERAGE GROSS REDEMPTION YIELDS		Wed Mar 15	Tue Mar 14	Year ago (approx.)
	British Government				
1	Low	5 years	9.30	9.23	8.73
2	Coupons	15 years	8.94	8.94	9.03
3		25 years	8.76	8.80	8.90
4	Medium	5 years	10.32	10.36	9.22
5	Coupons	15 years	9.36	9.39	9.21
6		25 years	8.93	8.96	9.04
7	High	5 years	10.45	10.48	9.32
8	Coupons	15 years	9.58	9.62	9.35
9		25 years	9.11	9.15	9.09
10	Irredeemables†		8.68	8.70	8.99
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.44	3.29	2.56
12	Inflation rate 5%	Over 5 yrs.	3.48	3.44	3.84
13	Inflation rate 10%	5yrs.	2.61	2.46	1.64
14	Inflation rate 10%	Over 5 yrs.	3.32	3.28	3.69
15	Debs &	5 years	12.08	12.08	10.78
16	Loans	15 years	11.31	11.31	10.64
17		25 years	10.72	10.73	10.64
18	Preference†		10.81	10.85	10.45

♦Opening index 2124.5; 10 am 2111.9; 11 am 2109.9; Noon 2111.3; 1 pm 2111.2; 2 pm 2112.5; 3 pm 2115.8; 4 pm 2116.3; 4.05 pm 2117.3 (a) 9.01am (b) 10.40am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	74	27	8
Corporations, Dominion and Foreign Bonds	12	8	31
Industrials	348	451	779
Financial and Properties	153	170	346
Oils	19	26	54
Plantations	1	2	9
Mines	42	42	100
Others	34	92	106
Totals	683	810	1,433

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings Mar 6
● Last Dealings Mar 31
● Last Declarations Jun 15
● For settlement Jun 26

For rate indications see end of London Share Service

Calls in RegentCrest, F. Copson, Conroy, Blacks Leis, Aberfoyle, Utd Guarantee, Control Secs, Plumb Hldgs, AB Eng, Gateway, INOCO, Worthington, Avis Euro. Put Bond Corp.

LONDON TRADED OPTIONS

DEALINGS on the London Traded Options Market market yesterday showed a modest total by recent standards, but left traders to wonder about the fate of a major programme trade set in place the previous day, ahead of the Budget. Few of these proffered deals – covering companies as far apart as Thorn, Hawker Siddeley, United Biscuits and Marks and Spencers, among others, were completed. There was little trading in stocks like this yesterday.

Yesterday's dealings came to 46,766 contracts, made up of 36,632 call contracts and 10,134 puts. British Petroleum was, again, the most heavily traded of the individual options stocks, attracting 4,078 contracts – not a great deal for a stock of its size – with calls in it coming to 3,444 contracts and puts to 634. The underlying price of the stock rose 8p to 287p, with the April 300 calls attracting 1,070 contracts.

Another of the stocks recently concerned in Government privatisation moves, British Steel, found calls contracts of 1,829, and puts of no more than 8, in a total of 1,837. There were 1,015 contracts traded in the April 70 calls, the the underlying share price was unchanged on balance, at 87p.

Pilkington, took once again a prominent position in options trading, as it has on a number of recent days, finding 2,158 call contracts and only 147 put There were 1,355 contracts handled in the May 260 calls, as the underlying share price gained 10p to 270p, against the background of the sale of part of Libbey-Owens-Ford.

Dealings in the FT-SE 100 Index amounted to 6,371 contracts, lying in 4,211 calls and 2,160 puts, as the index itself fell 4.2 points to 2,121.2, following the previous day's Budget-based rise. Trading in the index on the London International Financial Futures Exchange coloured dealings, as fair value on the March contract, soon to expire, fell to an invisible amount, and as there was a switch of emphasis towards the June contracts.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd.Biscuits (*338)	300	40	48	55	1½	8	10
	330	15	28	30	7½	18	20
	360	4	16	24	27	36	36
Ultramar (*283)	280	-	42	52	-	30	22
	294	13	-	-	15½	-	-
	300	-	30	44	-	26	34
Woolworth (*274)	260	28	28	34	4	11	16
	280	8	17	25	14	21	26
	300	2	11	17	28	36	40

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*156)	140	17	26	33	2	5	7
	160	5	15	21	8	13	30
	180	1½	6½	12	25	27	28
Barclays (*442)	420	25	43	55	3	7	15
	460	3	16	20	23	27	32
	500	1	6	13	60	60	62
Blue Circle (*540)	500	42	50	68	3	13	20
	550	8	24	40	38	34	40
	600	5	18	28	62	72	78
British Gas (*175)	160	15½	21	25	½	2	4½
	180	1½	8	11	6½	9	15
	200	¼	2½	4½	26	26	27

[illegible]

UK COMPANY NEWS

Military aircraft behind BAe's record £236m profits

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE, the aerospace, motors and industrial conglomerate, climaxed a record year in 1988 with pre-tax profits of £236m.

This compares with the pre-tax profit of £161m in 1987, although exceptional items of £320m in that year, including a provision for continued losses on the European Airbus venture, eventually resulted in a pre-tax loss of £159m.

Professor Roland Smith, chairman, announcing the preliminary results for BAe yesterday, said that in every way 1988 was a record year. Trading profits at £311m and sales at £5.64bn, including overseas sales of nearly £3.5bn, were all at their highest levels.

He forecast another good year for 1989, with estimated group turnover at £8bn, of which some £5bn would be for export.

Earnings for 1988 came to 62p (loss 43.9p). The dividend is raised from 18.7p to 20.6p, with a final of 13.2p.

During 1988, apart from commercial aircraft, every part of the BAe group, now enlarged by the acquisition of the Rover motor group, earned profits.

Commercial aircraft incurred a trading loss of £49m (£68m in 1987) on increased turnover of

Alan Harper

Prof Roland Smith (left) confers with Sir Raymond Lygo at yesterday's results announcement

£918m, of which participation in the European Airbus accounted for £41m.

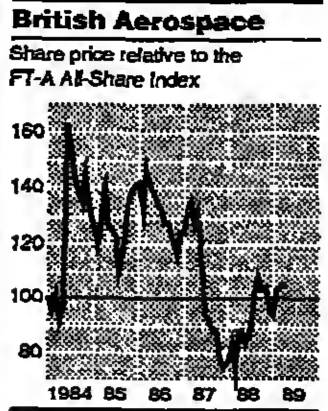
Professor Smith said there was continued concern in BAe about Airbus – "everything about Airbus causes concern" – but it was hoped that recent changes in the top management of that organisation might turn the tide in favour of profits.

The commercial aircraft business still suffered from the weakness of the dollar, with revenues from sales in the US still insufficient to cover production costs of aircraft built in the UK. Although much had already been done to cut costs in the commercial aircraft sector, further reductions remained a major objective for the coming year.

The Rover motor group returned a trading profit of £35m on turnover of nearly

British Aerospace

Share price relative to the *FT-A All-Share Index*



£1.18bn for the period since last August, when it was acquired by BAe.

But the biggest contributors to BAe profits were the military aircraft and support services sector, with trading profits of £195m on turnover of nearly £1.66bn, and weapons and electronic systems (including Royal Ordnance) with trading profits of £176m on turnover of over £1.34bn.

Both those sectors were now benefitting from the new multi-billion deal with Saudi Arabia for further modernisation and expansion of its defence establishment. BAe could expect "a huge contribution" to future turnover and profits from that agreement.

Property development and construction (including Ballast Nedam of Holland) returned trading profits of £17m on turnover of £383m, and space systems a profit of £12m on turnover of £133m.

Sir Raymond Lygo, chief executive, said that BAe was now ranked number four in terms of size in the world aerospace hierarchy, after Daimler-Benz of West Germany (which includes Messerschmitt-Bolkow-Blohm), Boeing and McDonnell Douglas of the US.

He said BAe had already made significant improvements in reducing costs, especially in terms of manufacturing times and in inventory costs, and would make further progress in the coming year.

The rationalisation undertaken over the past year, by setting up independent companies within the BAe group, with their own managements and financial accountability, was already generating beneficial results, and was expected to improve on that situation in the coming year.

See Lex

First Technology bid for Ricardo fails

By Nikki Tait

RICARDO, the Sussex-based engines and transmissions designer, yesterday emerged from the hotly-contested bid battle with First Technology with its independence intact.

By yesterday's noon closing date, the bidder controlled just 41.01 per cent of Ricardo's shares. First Technology had already declared its terms final and said that the offer would not be extended. Accordingly, it has now lapsed.

First Technology's own holding amounted to 15.2 per cent of Ricardo's shares – the bulk of which were acquired in a market raid just before the bid itself was announced. Other acceptances totalled 26 per cent of Ricardo's equity – 11.1 per cent coming in the form of irrevocable undertakings from two other quoted companies, CH Industrials and UKI, given when the bid was launched.

Also included in the acceptances was the near-5 per cent stake submitted by Schroder Exempt Fund in error. Under Takeover Panel rules, this could not be withdrawn ahead of yesterday's close.

News of yesterday's result was welcomed by Ricardo's chairman, Dr Doug Taylor. "Obviously, I'm pleased at the level of support and can only thank shareholders," he commented.

Meanwhile, the First Technology camp said that no decisions had yet been made over its Ricardo stake. The company has said that in the event of failure in this bid it would still pursue its plans to build an "integrated design and development" business, but this is now more likely to involve overseas acquisitions.

After a highly eventful offer period, the £22m bid battle ended in typical style – with an appearance by the two parties in the Court of Appeal and last minute discussions at the Takeover Panel.

On Tuesday afternoon, First Technology succeeded in getting the courts to lift a freezing order placed on a 1.9 per cent holding in Ricardo, belonging to Zurich-based Privatbank. But yesterday Ricardo appealed and the order was reinstated, but with the courts unwilling to hear the full case ahead of April.

Action, therefore, switched to the Takeover Panel, with discussions centering on whether an extension was permissible. At this point, the level of acceptances was announced and the bid lapsed. The Privatbank holding – which had been irrevocably pledged to the offer – was not included in First Technology's total.

Astra nears victory in Splash bid

Astra Trust declared last night that it spoke for just under 49 per cent of the shares in Splash Products, the T-shirt company for which Astra has launched a £14m shares-only bid.

Mr Theo Paphitis, Astra's chairman, held back from claiming victory, although he pointed out that the dissident Splash directors, Mr Alastair McEwen and Tim Massey, have committed 506,000 shares due to them. Those make 3 per cent of the enlarged capital, giving Astra over 50 per cent.

Gold Fields plugs into bid info chat line

By Clay Harris

Feeling withdrawal symptoms, chat line addicts? Call Rudy, he has a few friendly words to whisper in your ear.

Consolidated Gold Fields, the diversified mining group fighting a £3.2bn hostile offer from South African-controlled Minorco, has opened a toll-free telephone line to deliver its defence message to shareholders.

Gold Fields is not the first to use this medium, but its conversion to the cause shows how the telecommunications revolution is making itself felt in contested bids.

Mr Rudolph Agnew, Gold Fields chairman, does the honours in the recorded announcement. The Takeover Panel-required disclaimers before and after are almost as long as the message itself, which contains nothing that Mr Agnew hasn't said before and none of his distinctive *bon mots*.

Some shareholders may feel left out - the toll-free number cannot be dialed from South Africa or Luxembourg – but Gold Fields has also set up a telephone line so that they and others can ask questions of Gold Fields staff. The caller has to pay for that one.

● Gold Fields of South Africa, which owns 7.5 per cent of Gold Fields, said it would not accept Minorco's present offer, or any bid unless it was declared unconditional. This means that Minorco, which owns nearly 30 per cent of Gold Fields, cannot depend on GFSA to help it breach the 50 per cent level.

Clydesdale decides to abort BGT bid

CLYDESDALE INVESTMENT Trust has failed in its attempt to take over Baillie Gifford Technology, the specialist investment trust, writes Philip Coggan.

Yesterday, Clydesdale decided not to extend its bid, although the offer had, in theory, a further 18 days to run.

"We're very delighted that the shareholders have backed us" said Mr Robin Menzies, a BGT director. He added that he thought the group's defence had been successful because "our arguments made sense, particularly about the nature of the trust which has long term objectives".

Mr Graham Hall, of Morgan Grenfell, Clydesdale's adviser, said: "We had already said we were not going to increase our offer so we decided we might as well stop now". He thought shareholders had backed Baillie Gifford because of hopes that there might be "pots of gold" in some of BGT's unquoted investments.

Although the bid had failed, Mr Hall pointed out that if BGT's share price stays at its current level – 93p last night – then Clydesdale will have improved its net assets per share. Mr Hall said that Clydesdale would "sit back and consider" its position *vis-a-vis* its 24.9 per cent stake in BGT.

UK COMPANY NEWS

Another £1.5bn planned for acquisitions in the current year

Australia and better margins lift BTR 39%

By Clay Harris

THE RAPID expansion of its Australian operations and another dramatic improvement in margins helped BTR, the industrial conglomerate, to increase pre-tax profits by 39 per cent to £819m in 1988.

Return on sales, measured hy profits before interest and tax, jumped from 15 per cent to 16.7 per cent.

The pre-tax advance, from £590m, came on turnovar ahead by 32 per cent to £5.47bn (£4.15bn). Earnings per share rose by 22 per cent to 28.7p (23.6p). BTR shares closed 2p higher at 371p.

Mr John Cahill, chief executive, said the healthy growth and improvement in margins reflected strong market demand, as well as tough cost control and productivity gains. BTR would be challenged, however, to repeat the advance in 1989 because of the subsequent acquisition of lower-margin companies.

ACI International, the Australian industrial group of which BTR's 63 per cent owned subsidiary BTR Nylex took full control last year, contributed £719m of sales and £147m of pre-interest profit.

Throughont the group, organic growth accounted for £129m of pre-interest profit, against £156m from acquisitions. However, £38m of the latter figure came from organic growth within ACI.

Stewart Warner, the US industrial gronp bought in 1987, more than trebled profits after re-organisation and cost-reduction measures.

No such restructuring was planned at Rockwell Valve, bought for $437m (£236m) last December, although BTR plans to increase the company's prices and eliminate its Pittsburgh corporatc office.

BTR, which announced acquisitions worth more than £1.5bn in 1988, hopes to spend a similar amount this year, Mr Cahill said.

He was unconvinced, however, that BTR would return in a bigway to the British market, which it has shunned since dropping a bid for Pilkington two years ago.

"We're going to follow [Sir James] Goldsmith around the UK," Mr Cahill said. "He thinks there are bargains around. If he misses one, we'll pick it up. We certainly haven't seen many."

Ashley Ashwood

Sir Owen Green (left), chairman, and John Cahill, chief executive: breaking a 20-year habit

1988 RESULTS BY BUSINESS SEGMENT AND REGION (£m)

	Sales	% change	Profit	% change
Construction	1,375	+54	211	+83
Energy & electrical	854	+20	82	+24
Industrial	1,138	+20	244	+68
Transportation	908	+28	144	+13
Consumer related	1,198	+35	222	+40
Europe	2,797	+10	400	+14
West	1,134	+33	182	+31
East	1,542	+103	331	+153
Profits before interest and tax			913	+47
Finance costs			(94)	+203
Total	5,473	+32	819	+38

Finance costs more than trebled to £94m (£31m) in 1988, reflecting the impact of the ACI acquisition. Net debt at the year-end was only 20 per cent higher at £394m (£329m), however, for gearing of 19.7 per cent (21.8 per cent).

The subsequent purchases of Feltrax in New Zealand and Schlegel and Rockwell Valve in the US have raised gearing to 55 per cent, excluding the effect of additional retained earnings so far this year.

The larger role of BTR Nylex was also reflected in a tax charge of £229m (£148m) for an effective rate of nearly 28 per cent, against 25 per cent last year, and in a jump in minorities to £104m (£43m).

Changes in currency rates contributed a net £11m to pre-interest profit.

A final dividend of 6.7p (5.5p) will raise the total payment from 9.7p to 12p.

This 24 per cent rise – 2 percentage points more than the increase in earnings – reflected a desire to reach a round figure rather than a indication of a progressive dividend policy, Mr Cahill said.

See Lex

Ironmongers carpet bangers and mash

BTR, like that other acquisitive conglomerate, has had more profitable ways to spend its time in recent years than to make a public song-and-dance about its annual results. In BTR's case, yesterday's press conference was the first such event in more than two decades.

It was apparently the product of some gentle persuasion on veteran chairman Sir Owen Green, who has always preferred a more personal approach, by chief executive John Cahill and finance director Christopher Bull.

However, BTR's effort to introduce its own touch of austerity into the panelled precincts of Ironmongers Hall was not entirely successful.

The hall's guardians vetoed Cahill's original menu suggestion: bangers and mash, followed by jam tart. Too common? asked Cahill. Not at all, they replied. The journalists might spill gravy or custard on the carpet. The compromise? Steak and kidney pie, and bread and butter pudding (the latter, made with French loaves, was mistaken by one hack for French onion soup).

Over to you, Lord Hanson.

CH

Takeover talks for Addison Consultancy

By Ray Bashford

ADDISON CONSULTANCY, the market research, design and public relations consultant, is holding talks which may lead to a bid for the company.

The group has been subject to speculation of a takeover for several months, with MAI, the financial services, poster advertising and market research company, viewed as a potential bidder. However, several other companies are believed to have examined the possibility of purchasing parts of the business.

Addison has the potential for a break up with a split being made between its market research, design and public relations arms.

Mr Steve Smith, Addison's chief executive, was yesterday unavailable for comment.

Its market research activities, operated through Taylor Nelson, have been the centre of most interest to possible suitors. Taylor Nelson is one of the UK's biggest consultants, with international activities to increase its attractiveness.

The Streets public relations arm has suffered during recent years through a number of staff defections, leading to the creation of competing agencies. This has been reflected in a weaker profit performance.

Streets yesterday would not comment on the possibility of a management buy-out but it has been aware for several months of speculation about changes in the group's structure. Streets is concentrating increased efforts on market research.

The design operations may also be sold-off if the current negotiation leads to an offer for the group. The design business has also been facing pressure on profits.

The sale last January by Addison of Chetwynd Haddons, part of the communication business, heightened speculation that parts of the company might be sold. The deal gave Addison a cash injection of £3.9m.

That deal followed the demerger last March of its Michael Page recruitment arm, three years after the two companies came together.

Under the weight of redundancy and reorganisation costs associated with the merger of about £900,000, Addison's pre-tax profits fell to £320,000 during the six months to June 30 last year against £2.45m.

Addison shares closed 2.5p higher at 38p yesterday, valuing the company at £22.2m.

Crescent raises Aberfoyle stake

Crescent Africa, acting in agreement with Crescent Oil Services, has taken its stake in Aberfoyle Holdings from 9.6 to 15.8 per cent, and is now seeking talks with the management of the Zimbabwean farmer, garment manufacturer and property investor.

The Crescent companies are London-based consultancies specialising on UK and African matters. They first bought shares in Aberfoyle – long regarded as a potential "shell" situation – in December last year and breached the 5 per cent threshold in January.

The shares have doubled since the investors first came aboard last year, from around 16p to 32p yesterday, up 1p on the day. The average price paid for the 7m shares bought was 15-16p, according to Crescent.

HATT to pay holders gains from Vodafone shares sale

By Nikki Tait

In a highly unusual move, Hambros Advanced Technology Trust, a fund specialising in high technology, venture capital investments, is to pay back to shareholders the gains made on its holding in Vodafone by way of a special interim dividend.

HATT invested in Racal-Millicom, the operator of the Vodafone network, back in June 1983, taking a five per cent stake. Additional investment was made later, principally through a subsidiary called HAT Holding Company (HATHCO).

In January 1987, the holding was sold to Racal in exchange for a total of 10.3m Racal shares - 8m belonging to HATHCO and 2.3m to HATT. By this stage, the Vodafone/Racal investment had become a major holding for the trust, which came to the market in mid-1987.

HATHCO has now sold its entire interest in Racal through the market, realising a net gain of £14.6m after tax. HATT itself continues to hold about 1.9m shares, having disposed of the remainder a year ago.

Yesterday, HATT said that it plans to pay out the profits from this disposal by way of a 65p a share special dividend. The effect will be to reduce net assets of the trust from about £36.7m - or 191p a share - to £24.2m, equal to 126p a share.

The trust is also proposing some changes to the management agreement, the terms of share options and the grant of further options.

The gain on the sale of the Racal shares was realised in HATHCO, which has to pay corporation tax on its capital gains. HATHCO is now paying a dividend to the parent trust, and this will represent franked investment income - enabling the trust to pay out the dividend without further payment of advance corporation tax.

Hambros Inv Tst move prompts speculation

HAMBROS INVESTMENT Trust, a £160m general fund, yesterday announced that it had received an approach which could lead to proposals being pnt to shareholders. Managers of the trust declined to elaborate, saying only that shareholders would be kept informed of developments, writes Nikki Tait.

However, analysts noting the wording in the terse announcement, concluded that a reconstruction might be more likely than an offer. Also given that Hambros Bank holds a 23 per cent interest it was felt any that this could represent a restructuring instigated voluntarily from within.

Any reconstruction scheme would probably need approval from shareholders speaking for 75 per cent of the trust's equity, so Hambros interest would be critical.

Among the suggestions put forward by analysts was some form of split level reconstruction. A successful reorganisation of this type recently took place at another, much smaller Hambro trust, City of Oxford.

There were also suggestions that the HIT statement might have been made in the light of recent share price movements. The shares jumped 17p to 270p on Toesday, scarcely explained by the Budget news, and added a further 21p yesterday.

DIVIDENDS ANNOUNCED

Autom Security	fin	1.74	May 31	1.38	2.7	2.16
Brit Aerospace	fin	13.2	June 5	11.8	20.6	18.7
BTR	fin	6.7‡	May 26	5.5	12	9.7
Clarke Nickolls	fin	3.15	July 3	2.4	4.6	3.5
DRG	fin	7.6‡	July 3	6.6	12.3	10.7
Gent (SR)	int	1	-	0.5	-	1.5
Hibernian	fin	2.9♦	-	2.6	4.3	3.9
Hillsdown Hldgs	fin	4.5	July 3	3.5	6	4.75
Kode Intl	fin	5	May 11	10.5	10	15.5
Logica	int	1†	Apr 25	0.7	-	2.3
Lowe Howard	fin	8	May 12	6.6	12	10
MAI	int	1.2	May 6	1.2	-	4.25
Pochin's	int	4	-	4	-	19
Rural Planning §	fin	1.2	June 2	1	2.2	1
Shorco Group	fin	2.5	-	1.85	4.5	1.85
Spandex §	fin	2.75	July 22	2	4.25	3☆
Sphere Inv Tst	fin	1.187	June 15	0.672	2.082	1.547
T&N	fin	6.5	-	5.75	9.6	8.5
Wassall	fin	1†	May 12	1	1	1
Wood (Arthur)	fin	3.85	-	3.5	3.85	3.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Carries scrip option. ☆For 10 months. ♦Irish currency.

MAI lower at £23.6m

By Clare Pearson

PRE-TAX profits of MAI, financial services, poster advartising and market research group, edged lower to £23.6m, while earnings per share fell from 4.9p to 4.6p, in the six months to end-December.

The pre-tax result compared with £24.41m for the comparable period, during which adverse currency movements and the 1987 stock market crash led MAI's profits growth to grind to a halt.

Turnover stood at £152.94m (£147.57m). The interim dividend is maintained at 1.2p.

Media and market research interests moved ahead strongly in the first half, but MAI continued to be held back by low volume in its securities broking operations, comprising inter-dealer broking in the US government and corporate bond markets, the Eurobond market, and the gilt market.

Mr Clive Hollick, group managing director, said the results showed the success of MAI's strategy of becoming more broadly based. He said money broking volumes were currently moving ahead, although there was no sign yet of a revival in the securities area.

The money and securities hroking divisions together made pre-tax profits of £12m (£14.97m). During the period the company continued to expand the fields in which it operates with the purchase of 30 per cent of CIMD, Spain's leading money and securities broker, and the start of a new joint venture in Paris.

Media profits rose to £6.73m (£4.9m), continuing to benefit from strong demand for outdoor advertising in the UK, Europe and the Far East. The joint venture company Europoster, established with the French Avenir last July, performed well. So did Avenir itself, where MAI has 21 per cent stake.

Profits from market research increased to £1.22m (£968,000).

Retail financial services made £3.55m (£3.27m). Wagon, the instalment credit company, was said to be held back by rises in UK interest rates.

● COMMENT

These results underline the need for further rationalisation in the inter-dealer broker business on both sides of the Atlantic, but at least shareholders in MAI can feel comfortable that, with its strong market shares, the company should benefit from such moves. Meanwhile, its business mix is indeed much improved, and it continues to look for acquisitions to add to its successful media and market research operations. Assuming conditions for securities operations do not improve, pre-tax profits should come out virtually flat at £50m this year, but bigger minority interests will take earnings per share slightly lower. A prospective p/e of 9 is about right.

ICI raising its borrowing limit

By Clare Pearson

Imperial Chemical Industries has announced proposals, to be put to shareholders on April 28, to raise its borrowing powers from £7.7bn to £12.1bn.

It plans a change in the treatment of goodwill arising from acquisitions for the purposes of calculating borrowing limits. The writing off of goodwill had resulted in shareholders funds having risen by only £100m between 1984 and the end of 1988, said ICI.

The borrowing limit increase would require the early repayment of four of ICI's loan stocks, the covenants of which limit its borrowing powers. In the case of two of these bonds, approval of holders to call the bonds must be obtained.

●Mr Denys Henderson, ICI chairman, was paid £478,099 in 1988, compared with the total of £397,250 paid to the two chairmen in 1987 - Mr Henderson received £283,283 for nine months and his predecessor Sir John Harvey-Jones received £113,967 for three months.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange.

TODAY

Interims- Armstrong Equipment, Athwoods, Close Brothers, Coronation Syndicate, Interlink Express, Sirdar, Synapse Computer Services, TSW, Twostorisin United Collieries, Unigroup.

Finals- ASD, Antler, Artsy, Assam-Dooars, Baynes (Charles), Beaulord, Cattle's, Clarke (T), Doeflex, Edinburgh Fund Managers, Hamilton Oil, Highlands & Lowlands, Jaguar, Laidlaw Thompson, Lancaster, Legal & General, Lyon & Lyon, Merchant Manufactory Estate, Oakwood, Refuge, SD-Scicon, Second Market Inv, Simon Engineering, Sphere Inv Trust, United Biscuits, Western Dooars Tea.

FUTURE DATES

Interims-

Britannia Security	Mar. 22

Finals-

Bodycote International	Apr. 18
Bridon	Mar. 22
Burford	Mar. 21
Edmond	Mar. 31
Handy-Walker	Mar. 21
Irish Distillers	Mar. 20
Mayborn	Mar. 23
Morgan Grenfell	Mar. 22
New Guernsey Securities	Mar. 17
Singer & Friedlander	Mar. 28
Southampton, IOW Steam	Mar. 21
Sun Life	Mar. 29
Technology Project	Mar. 28

UK COMPANY NEWS

Salmonella and listeria fears hit egg and poultry arm and profits cut by about £10m

Hillsdown advances by 37% to £150.9m

By Nikki Tait

SALMONELLA AND listeria scares cost Hillsdown Holdings, the food, furniture and property company, between £5m and £10m in profits in 1988.

Nevertheless, the group still posted pre-tax profits of £150.9m, up by 37 per cent, with sales growing from £3.04bn to £3.55bn. Earnings per share after an 18 per cent tax charge (15 per cent) were 20 per cent higher at 25.3p, on a fully-diluted basis.

The final dividend is 4.5p, making 6p (4.75p) for the year.

The figures were much in line with analysts' forecasts, and Hillsdown shares remained unchanged at 279p despite the falling market.

Yesterday, the company explained that food scares had affected profitability of its poultry and egg operations in the last two months of 1988. Hillsdown is one of largest egg producers in the UK, and is reckoned to take about 10 per cent of the market.

The company said yesterday that lost profits which related specifically to the egg scare were less than £5m, and that its production had been trimmed by about 10 per cent. Demand for eggs was gradually returning, a trend which was expected to continue.

Mr Harry Solomon, chairman, went on to say that the company welcomed "discriminating, safety-concious customers", and saw benefits as supermarket groups concentrated on suppliers they trusted. Hillsdown would support legislation to enforce safer and better standards, he said.

However he stressed that any legislation should also apply to imports, noting that in the poultry market 15 per cent of sales came from imports.

Part of the profit increase resulted from acquisitions, in particular, the first full-year inclusion of Maple Leaf Mills, the Canadian food business bought in August 1987, contributing more than C$50m in operating profits.However, the group said yesterday that organic profits growth was about 34 per cent.

According to the company its best-performing areas in 1988 included MLM, UK canning acitivites, and construction/property. The ona division to show rednced profits was poultry/eggs, which aside from the health scares faced oversupply in the frozen bird market and a rise in feed costs. Meanwhile, the current year, except for poultry, has started well.

The pre-tax figure came after interest charges of £44.1m (£26.5m). Gearing, which rose to more than 150 per cent after the MLM acquisition fell to 60 per cent by the year-end, a level which the company said was comfortable.

Below the line there is a large £94.6m extraordinary surplus, resulting from the sale of certain businesses, in particular, Hunter.

Capital expenditure was £117m.

See Lex

RESULTS BY ACTIVITY (£m)

	Sales	% change	Operating profits	% change
Food processing and distribution	1,191.2	+12	47.2	+68
Poultry and eggs	708.2	+56	18.3	−33
Furniture and timber distribution	682.8	+2	46.8	+34
Fresh meat and bacon	635.7	+1	21.6	+37
Stationery and specialist operations	177.6	+12	13.0	+13
Housebuilding and property	163.3	+106	44.4	+123
Head office costs			(3.1)	+19
Total	3,548.8	+17	188.0	+39

Automotive components side helps T&N advance to £91.3m

By Vanessa Houlder

T&N, the engineering group, yesterday announced an 18 per cent increase from £77.3m to £91.3m in pre-tax profits for 1988. Turnover rose 9 per cent to £1.05bn.

The result reflected a strong performance from the automotive components business, offset by a fall in profits from the engineering and industrial division. The strength of sterling was estimated to have knocked £8m off profits.

The figures included a £2.8m exceptional debit. This chiefly stemmed from a £5m charge due to the formation of a new facility to deal with asbestos-related disease claims in the US. This was tempered by a £2.2m exceptional insurance recovery. The total cost of asbestos-related claims was £10.7m, up from £8.2m.

Sir Francis Tombs, chairman, said it had been a helpful year of progress on the asbestos front. The $100m punitive damages part of the claim by the Prudential Insurance Company of America had been dismissed.

The engineering and industrial side saw profits drop from £38.9m to £37.8m following rationalisation of the UK turbine components business. It also suffered a £1m to £2m profits fall in its South African and Zimbabwean businesses due to shortages of raw materials and price controls.

Sir Francis Tombs: year of progress on the asbestos front.

Strong demand helped the automotive components business to increase profits from £54.5m to £66.1m. Construction materials and mining improved from £5.3m to £7.5m.

Gearing at the year end increased by 4 percentage points to 25 per cent.

Earnings per share increased 13 per cent to 26.41p (23.35p). A final dividend of 6.5p is recommended making a total for 1988 of 9.6p (8.5p).

● COMMENT

T&N is increasingly the subject of two schools of thought. On the downside, there is the ever-present taint of asbestos claims. Despite T&N's plucky assertion that it accounts for less than 1 per cent of turnover, the effect on profits will be significant for years ahead. Furthermore, the bears can point to T&N's major role in supplying the European automotive market, which is widely expected to face leaner times this year or the next. On the upside, however, its supporters argue that the share price has over-compensated for these handicaps. Assuming profits of £105m for the year, the shares, down 3p to 213p, are on a lowly p/e multiple of 7. That gives little credit to the company's continuing success in raising its margins and boosting its market share. In addition, the effects of the likely downturn in the automotive sector may be partially offset by the move by US and UK manufacturers away from in-house manufacturing of components. The attractions of the shares also include a prospective yield of 7. However, given the shares' strong performance in the first part of this year, some profit taking seems likely in the short term.

Leisuretime buys two Florida hotels for £4.8m

By Patrick Butler

LEISURETIME International, the hotel, nursing home and tour operator yesterday added to its presence in Florida by buying two further hotels for a total of $8.3m (£4.8m).

In February, Leisuretime paid $24.9m for two Florida hotels and 18 acres of development land. The latest acquisition involves the purchase of the 170-room Kissimmee Oak Hotel and the 200-room Ramada Inn Westgate for $3.3m and $5m respectively. Both are located in the Orlando area.

The February acquisitions were made from Naaz Holdings, the private company controlled by the Jivraj family which took over the helm of Leisuretime a year ago.

Leisuretime cut back 1987 pre-tax losses of £1.29m to £220,000 in the year to end-October 1988. Almost all the 1988 deficit was attributable to the loss-making Worldwide Dryers hand dryers offshoot which was sold earlier that year.

Shorco more than doubled

SHORCO GROUP Holdings, specialist plant hire company, more than doubled profits from £320,000 to £680,000 for 1988, its first year on the USM.

The company benefitted from the very mild winter and the continued buoyancy of the construction sector. Furthermore, the £350,000 invested in the business from the proceeds of the flotation allowed it to satisfy increasing customer demand.

Growth was roughly equally spread between the trench shoring operation and the laser survey equipment business.

The second mild winter in a row had ensured a buoyant start to 1989, said Mr David Phillips, managing director.

Fully diluted earnings per share rose from 9.9p to 17.3p. A final dividend of 2.5p is recommended, making 4.5p (1.85p). A 1-for-5 scrip is also proposed.

COMPANY NEWS IN BRIEF

BOLTON GROUP, formerly Bolton Textile Mill, incurred loss of £443,000 (loss: £43,000) for half year ended October 31 1988 on £2.12m (£3.8m) turnover. The loss stems largely from poor trading in, and provision made against, textile division, negotiations for sale of which are at advanced stage. Leather division continued to trade profitably. The company will concentrate on property interests which are expected to yield significant benefits.

FIRST SPANISH Investment Trust: Undiluted net asset value amounted to 81p at February 28 1989.

LYNX GROUP: Acceptances to the recent rights issue were received in respect of 2.67m shares (76.32 per cent).

MAXWELL COMMUNICATION Corporation, of Delaware, is paying some $5m cash for Jossey-Bass, of San Francisco. It publishes for the business and management, education and public administration fields.

SPHERE INVESTMENT Trust, formerly TR Natural Resources Investment Trust, reported net asset value of 71.8p at December 31, against 65.5p a year earlier. Net revenue for 1988 was £1.53m (£297,000 loss) for earnings per share of 1.25p (0.28p losses). The proposed final is raised to 1.187p for a total of 2.062p (1.547p).

TATE & LYLE, the sweeteners group, is to pay £7m for Schouten Beheer, a Dutch manufacturer of dies used to form animal feed pellets. Schouten will become part of Tate's animal nutrition division.

TULLOW OIL: Losses of I£410,329 (£341,000) against £263,246 for 1988, after exceptional £953,746 (nil) debit. Turnover and other income £2.14m (£312,910). The Third Market company plans to have its shares quoted on the USM in London and Dublin later this year.

UK COMPANY NEWS

Lowe Howard up 40% to £15.6m

By Philip Coggan

LOWE HOWARD-Spink & Bell, the advertising and public relations agency best known for the Heineken lager campaign, yesterday announced a 40 per cent jump to £15.6m in pre-tax profits in 1988.

Mr Frank Lowe, chairman, said that accounts gained in London included the Sky satellite TV channel, Tesco, Reebok sports shoes and Thames Water. In the US, Laurence, Charles, Free & Lawson won accounts for First magazine and for Mr Donald Trump's new casino venture.

US business accounts for about 23 per cent of group turnover, with the UK contributing about 47 per cent. The communications division, which includes Lowe Bell Financial public relations, contributes around 8 per cent. Mr Lowe said he could not comment on rumours that Mr Tim Bell might leave the group. "These rumours have been going on for two years now and I'm fed up with them," he said.

Included in the pre-tax profits figure was a contribution, said by Mr Lowe to be worth around £250,000, from the sale of a stake in Parkway, the advertising services company.

Mr Lowe said he was more confident about the group's progress than he had been in previous years. Despite some gloomy pronouncements about the UK economy, clients he had talked to were expecting further sales growth.

Turnover of £404.27m was 37 per cent higher than the previous year's £294.86m. After tax of £5.84m (£4.5m) and minority interests of £58,000 (£8,000), earnings per share were 38p (30.4p). The final dividend is being increased to 8p, making a total of 12p (10p).

● **COMMENT**

Advertising shares are slowly starting to regain some of their previous lustre. The French bid approach to Boase Massimi Pollitt is helping but also the long-term growth record of agencies like Lowe Howard-Spink & Ball is genuinely impressive. The theory of the multi-disciplinary media group – covering everything from PR to design – is not being plugged so hard these days but the concept of global advertising is very much a runner as the advent of satellite television illustrates. Here Lowe Howard is well placed, being large enough to benefit from multinational campaigns but not so large as to limit its capacity for growth. And even if consumer spending slows, experience shows that advertisers are likely to fight for market share rather than cut back their campaigns. Mr Bell may yet depart, but the impact on the business will not be too drastic and assuming pre-tax profits of £18.4m this year, the shares, at 419p, are on a modest prospective p/e of around 9.5.

ASH rises to top £19m in 'difficult year'

By John Ridding

AUTOMATED SECURITY Holdings, the electronic security specialist, yesterday announced pre-tax profits of £19.1m for the year to November 30 1988, up 26 per cent over the £15.2m achieved in 1986-87.

The improvement was based on an increase in turnover of 27 per cent to £63m.

Mr Tom Buffett, chairman, said the year had been a difficult one because of the completion of a major restructuring of Modern Alarms, the core business, in the first half of the year.

However, he said that he had been particularly pleased with the performance of the company's loss prevention operations.

According to ASH, both the closed circuit television and the retail "tagging" businesses saw strong growth.

He estimated that sales of these products increased by around 50 per cent for the period.

Overall, Mr Buffett said, the group's various divisions were now established well enough to generate the current level of growth internally and have done so for the last two years with little benefit from acquisitions.

However, by the year-end, the company had virtually no gearing and Mr Buffett said that there were sufficient resources to expand group activities through acquisition as well as through organic growth. A number of purchases are being considered.

There were significant extraordinary items during the period. Almost £1.5m was set aside to cover a legal liability inherited from Securities Centres, which was acquired in April.

A further £680,000 arose from the loss on the sale of ATG manufacturing to Scantronic in April.

Earnings per share, fully diluted, were 16.6p (14.2p) an increase of 17 per cent.

A final dividend of 1.74p is recommended making a total of 2.7p (2.16p) for the year.

● **COMMENT**

The restructuring of Modern Alarms is estimated to have cost ASH around £1m in lost profits. Considering this, the results, which were fractionally below City forecasts, represent a steady performance. Now, with the rationalisation behind it, prospects for the core business are good and the underlying growth rate is expected to pick up from 10 per cent last year to about 20 per cent this year. This is reflected in the figures for the first three months of 1989 which show a marked increase over last year's admittedly depressed figures. ASH's loss-prevention operations are also set for a strong year with estimates for sales growth in the region of 40 per cent. The overall market continues to enjoy steady expansion and ASH's market leadership in almost all of the areas in which it operates augurs well. In addition, the sector is relatively acyclical providing some protection against a downturn in consumer spending. Forecasts for 1989 are complicated by the prospect of acquisitions, which with negligible gearing and a loan facility of over £1m, seem likely. However, profits in the region of £24m can be expected which, fully diluted, gives a prospective p/e of about 15.5. At this multiple, ASH is relatively fully valued and incorporates an element of bid speculation resulting from the good prospects for the security sector.

Securicor plans Dutch expansion

By Patrick Butler

SECURICOR Group, the security and communications group, has teamed up with two Dutch concerns to study the viability of forming a joint venture company for The Netherlands' cash-in-transit market.

PTT Post, the recently privatised Dutch Post Office and Nederlandse Veilighheidsdient (NVD), a safety and security specialist, are the other two partners.

An agreement to study integrating the three companies' cash-in-transit operations was signed earlier this week in the Hague.

If the study proves positive the proposed venture will become operational on September 1.

Mr Roger Wiggs, Securicor Group chief executive, said the proposed venture would greatly increase the company's penetration of the Dutch market – in which it has had a presence since 1972.

It would also "add impetus to our plans to expand across a broad range of services throughout the key commercial centres in Europe".

PTT Post and NVD have an annual turnover of £1.1bn and £57m respectively.

Yearling bonds for Swansea

Yearling bonds totalling £1.0m at 12 11/16 per cent have been issued by the following local authority: Swansea (City of) £1.0m.

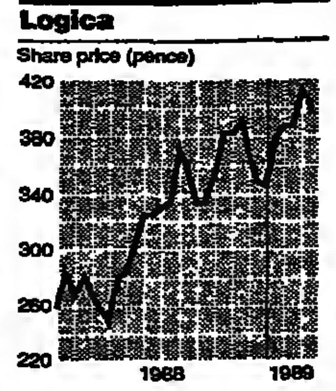
They are redeemable on March 21 1990.

Logica balance switches overseas in 37% rise

By John Thornhill

LOGICA, the computer software and systems group, announced a 37 per cent increase in pre-tax profits from £5.44m to £7.44m in the six months to December 31.

Turnover rose by 33 per cent to £77.27m (£58.04m). Earnings per share increased from 6.9p to 7.9p. The directors declared an interim dividend of 1p (0.7p).



Data Architects, the US specialist in banking and telecommunications products acquired last year, made its first full contribution. Its operations were merged with Logica's existing US businesses at the beginning of the period, doubling its sales. Over 20 per cent of Logica's turnovar now comes from clients in North America.

Mr Philip Hughes, chairman, said the North American operations had performed well and pointed out that, for the first time, Logica's overseas sales exceeded those in the UK.

The financial services division, strengthened by Data Architects' strong presence in this market and heavy worldwide investment in bank automation, accounted for 30 per cent of turnover.

The company's space business was hit by the UK Government's reluctance to commit itself to the European space programme, but after a weak six months the division was now picking up again, he said.

The defence division moved ahead again after winning several major new contracts. Other projects in the airline industry and distribution automation sectora were being expanded.

Mr Hughes said that growth in the software industry showed every sign of continuing in the next decade, though perhaps not quite at the hectic rate of the past few years. Logica faced its third decade with confidence, he said.

● **COMMENT**

Logica has produced another solid set of figures. The results were outstripped by some forecasts, accounting for the slight easing in its share price, but this takes nothing away from the company's performance. Logica injected a mild note of caution into discussions about the future of the industry, suggesting that growth may not be quite so rapid in the future as it has become accustomed to in tha past. But Mr Hughes believes that although the overall market rate of growth may slow there are still enormous targets to be aimed at within it; health and transport being just two such areas. Profits in the region of £20m look attainable for the full year, putting Logica on an impressive prospective multiple of about 19. The share price undoubtedly contains a bid premium, as the company is one of the few remaining independent companies in the sector. But Logica's oft-repeated desire to remain independent and the highly people-oriented nature of its business may still deter a potential predator.

HTV buys CCA in £15m deal

By John Ridding

IN THE latest step in its diversification strategy, HTV, the ITV franchise holder for Wales and the west of England, has agreed to buy CCA Publications, the print publisher and art dealer.

CCA's principal business areas are the sale of prints, paintings and sculptures in the UK, the US and Japan. Since the end of 1987, it has bought Henry Ling, a greetings card manufacturer, and Alan Hutchison, a specialist publisher.

HTV is offering 135p cash for each CCA share valuing the company at approximately £15m. Yesterday, CCA shares closed at 134p, up from 115p. HTV is also offering a full loan note alternative and a partial share alternative.

CCA also announced its results for 1988, showing pre-tax profits up from £800,000 to £1.54m on turnover of £12.3m (£5.1m). Earnings per share more than doubled to 9p (4.2p).

It will be combined with HTV's existing fine art subsidiaries – Frost & Reed, J S Maas, and Venture Prints – to form HTV Fine Art Holdings. Mr Charles Farrell, CCA chairman, will become chief executive of the new division.

Mr Farrell said that he was happy with the arrangement and said that the process had been "very friendly". Initially, CCA had approached HTV with a view to acquiring Frost & Reed but after a series of negotiations decided that the present agreement was preferable.

Sir Melvin Rosser, HTV chairman, said he was delighted with the agreement and that the new division would represent a significant player in the UK and international fine art market.

The acquisition of CCA is in line with HTV's present strategy of diversification ahead of the allocation of ITV franchises which was recommended in the Government's broadcasting white paper at the end of last year.

HTV have said that they intend to receive at least half of their profits from non-television sources by the time the new franchises are awarded in 1993.

In line with this strategy the company in October restructured into two divisions, television and commercial. Since then it has announced a £15m plan to build a hotel and business park near Cardiff and taken a 21 per cent stake in Business Television Corporation, a company which plans to launch specialist satellite television services.

Analysts responded cautiously to the latest move. They said that a number of previous diversifications had been unsuccessful and were an important factor in HTV's low p/e ratio. However, some felt that benefits could result from the acquisition of CCA and that Frost & Reed in particular might gain from a widening of its marketing scope. Yesterday, HTV shares fell 9p to 116p.

NSG welcomes Anglovaal

ANGLOVAAL, the South African mining group, has completed its purchase of 29.9 per cent of North Sea & General, the USM-quoted diversified resources group.

It was announced last month that Hopeaction, a subsidiary of Anglovaal, was to buy 23.23m shares from Apex Securities for 58p a share, 9p above the then market price.

Hopeaction has also bought £2.5m of NSG's convertible loan stock from Apex and an additional £1m of 10 per cent convertible loan stock from another investor.

The directors of NSG welcomed Anglovaal's involvement and said that it significantly enhanced NSG's potential to expand its mineral and mining activities worldwide. Another two Anglovaal directors are to join the NSG board.

Pochin's jumps to £1.46m

Near-doubled profits were achieved by Pochin's, building and civil engineering contractor, in the half year to November 30 1988. The interim dividend is again 4p.

Pre-tax profit rose to £1.46m (£755,000), and earnings soared to 91.5p (47.1p). Turnover rose from £13m to £20.7m, but shareholders were warned that the rate of increase would not continue in the second half.

UK COMPANY NEWS

Swiss purchase may dovetail with Sellotape

DRG buys in Europe as profits rise 16% to £58m

By Clare Pearson

DRG, the stationery, packaging and engineering company, is paying SFr 32m (£11.6m) to acquire Cellux Group, a Swiss manufacturer and distributor of self-adhesive products, particularly for industrial and technical markets.

DRG yesterday announced the purchase at the same time as it unveiled pre-tax profits 16 per cent higher at £58.2m in 1988, scored on turnover of £772.5m (£726.4m). Sales would have been 10 per cent higher *without the effects of disposals.*

The company said Cellux, besides complementing its other adhesives interests, could be put together with its Sellotape business to create a streamlined operation.

It is DRG's second international acquisition this month, following the £2.76m purchase of *Deforges, the French special*ist envelope concern.

Mr Moger Woolley, chief executive, said in the UK the year had seen a major recovery in packaging, but stationery had proved somewhat disappointing, partly as a result of the September postal strike. A big volume increase had been achieved in office and print supplies, but investment had placed a brake on profits. The UK put in £43m (£40.7m) to operating profits.

Overseas trading profits increased by 18 per cent to £19m, despite the effects of the recession in New Zealand. Rigid plastics in the US recorded a further major volume increase.

Capital expenditure was 22 per cent up at £46m, while some £16m was spent on acquisitions during the year. A high level of capital expenditure is also planned for this year, while the sale of surplus assets, mainly property, is expected to generate significant cash during 1989.

After tax of £16m (£13.4m), earnings per share came out at 39.6p (34.4p). A recommended final dividend of 7.6p makes 12.3p (10.7p) for the year.

● **COMMENT**

DRG continues to perform creditably in developing its enviable stable of brand names and making its operations more efficient. On the adhesives side, the Cellux acquisition and planned subsequent creation of a new Adhesives Technology division, appears to provide genuine opportunities both to make better use of the Sellotape name and streamline international distribution systems. Taking into account about £5m worth of property profits – which are expected to be a continuing feature of the results over the next few years – the pre-tax result should reach about £68m in the current year. This puts the shares on a prospective p/e of about 10.5: the multiple is perhaps justified even without the bid speculation persistently surrounding the company.

Gent recovery continues

By Alice Rawsthorn

S.R. GENT, the clothing company which is one of the larger suppliers to Marks and Spencer, continued its recovery by boosting interim pre-tax profits 69 per cent from £806,000 to £1.68m.

Mr Peter Wolff, chairman, said every area of activity had fared well, with the exception of homewares.

The pace of sales had, however, become more sluggish towards the end of the interim period because of the mild winter weather and the impact of higher interest rates on consumer spending.

Group sales increased to £52.29m (£42.75m) and operating profits to £1.76m (£1.19m) in the six months to December 31. The group paid a higher rate of tax - 31 per cent compared with 16 per cent in the first half last year - and earnings per share rose to 1.9p (1.2p).

The interim dividend is being doubled to 1p. Gent's share price slipped by 1p to 69p yesterday.

When it first went public five years ago, Gent concentrated on making dresses and blouses for Marks and Spencer.

But in recent years the market for traditional women's wear - for dresses in particular - has contracted due to the trend towards co-ordinated clothing.

Three years ago Gent fell into losses when dress sales slumped and M and S lost momentum in women's wear. The group has since pursued a strategy of broadening the base of its business by augmenting other areas such as leisure and children's wear.

The dress and separates businesses – which provided 16 and 30 per cent of turnover respectively – experienced static sales in the first half. Nightwear sales were sluggish. Mr Wolff said dresses and nightwear had borne the brunt of the weather and interest rates.

Children's wear was the fastest growing area of activity: thanks to the success of "character" merchandise with Walt Disney cartoon characters and Lego designs.

This business showed sales growth of 40 per cent and contributed 18 per cent of group turnover in the first half.

Like many other M and S suppliers, Gent is now increasing its involvement in overseas sourcing. It has established a Hong Kong office to oversee sourcing from sub-contractors in China, Hong Kong, Sri Lanka and the Philippines.

The group encountered problems in homewares. This division, which was formed five years ago, is still struggling to become established. In the first six months of the year it experienced problems with product development.

Mr Wolff said he was "encouraged" by the pattern of trading so far in the second half. Order books were full and Gent was on course to continue its recovery.

Acquisitions boost Wassall to £0.5m

By Andrew Hill

ACQUISITIONS aimed at turning Wassall into a conglomerate boosted the group's pre-tax profits to £502,000 in the 11 months to the end of December, compared with £56,000 in the year to January 30 1988.

The company, now headed by two former Hanson executives and a former corporate finance executive at Dillon Read, is to sell the original shoe retailing business, Wassall Shoe, to Benson Shoe for £935,000 cash.

Last September, the new management, which has a 14 per cent stake, launched a £13.2m rights issue. Since then it has spent about £13.9m on two engineering businesses, which contributed about 84 per cent of the period's operating profits.

Turnover increased from £3.31m to £7.96m and earnings per share more than doubled to 6.1p (3p). The board proposed an unchanged dividend of 1p.

Mr Christopher Miller, chief executive and a former associate director of Hanson, said Wassall hoped to grow three or four legs to the business.

He denied that Wassall was involved in the saga surrounding the takeover of Thomson T-Line by Ladbroke Group earlier this year.

Hanson, which owns 11 per cent of Wassall, took a 5 per cent stake in Thomson in the later stages of the bid for the industrial holding company. The stake was later sold at a loss, but the move encouraged speculation that Hanson might be "warehousing" the holding for Wassall.

"We're very keen not to go too far too fast. We believe there are ways of getting above-average returns without doing David and Goliath deals," Mr Miller said yesterday.

Before last September's rights issue, Benson Shoe held 82.4 per cent of Wassall. Benson's directors, Michael and Christopher Smith, now control about 7 per cent, and will resign from the Wassall board following the disposal of Wassall Shoe.

Kode shares dive on profit setback

By John Thornhill

SHARES IN Kode International, the computer distributor and circuit board manufacturer, dropped 30p to 180p when it announced a sharp fall in profits for 1988. The value of Kode's shares has more than halved in the course of the year.

Pre-tax profits fell from £2.74m to £409,000, with turnover virtually unchanged at £33.4m against £33.3m.

"A very disappointing performance" in the second half of the year by Kode Computers, the major operating company, was the cause of the fall, said Mr Alan Brooker, chairman.

Demand for its products had weakened and this was compounded by equipment supply problems and inadequate business planning and management control.

An urgent review of strategy and systems has now been completed and management changes have been made, he said. Mr Stephen Day, former managing director of Kode Computers, has become chief executive of Kode International, following the resignation of Mr Peter Boothby-Smith this February.

Alan Brooker: strategy and systems review completed

Several other major alterations have already been implemented or are planned.

Graphic Displays, which distributed desk top publishing hardware and software, stopped trading in February 1989, although some of its activities were absorbed by Kode Computers and Xitan.

Two subsidiaries, Moore Reed, an electronics manufacturer, and Xitan, a software distributor, will be disposed of. And the company's headquarters will be moved from Bristol to Swindon in April, which will help to tighten controls and reduce costs, he said.

Kode would now concentrate on developing its Kode Computers and Kam Circuits businesses, Mr Brooker said. The current year would be one of recovery and the board had sufficient confidence in its future to recommend a final dividend of 5p making 10p for the year (15.5p).

● **COMMENT**

Despite a profits warning in November, these results were far worse than many expected. The company gave no indication of the problems that lay ahead at the interim stage and consequently, in the eyes of some analysts, the management's credibility has been shot to pieces. The company has taken strong and swift action but it remains to be seen how effective it will be. Kode may generate funds from its disposals – Moore Reed in particular would appear to be an attractive business – and that would enable the company to re-invest in its core activities, but its future must still remain a matter of considerable doubt. It is difficult to forecast future trading performance, given the circumstances, but some are hazarding profits in the region of £1.5m. That would give a prospective p/e ratio of about 10.5. Some believe that is justified as Kode may yet have good recovery potential, others that it is still a grim prospect.

Coats Viyella disposal

By Alice Rawsthorn

COATS VIYELLA, the biggest textile group in Europe, has continued the restructuring of its interests with the disposal of Grieve, part of its precision engineering division.

Grieve, which makes needles and machine parts for use in the hosiery and knitting industries, has been sold to Rical, a privately-owned company in the West Midlands, for an undisclosed amount.

Rical intends to merge Grieve's interests with those of its William Mitchell (Sinkers) subsidiary, which is also involved in making knitting machinery. Coats said yesterday that it had decided to sell the business because it was unrelated to its other interests.

In recent months Grieve has suffered from the slump in the knitting industry. Last year it fell from a profit into a loss on sales of £5m, and was forced to cut costs by shedding labour. It now employs 280 people.

Coats Viyella is now in the throes of a radical restructuring programme. Its UK textile interests have suffered from the combination of increasing imports and depressed demand. It reduced its worldwide workforce by 4,000, or 5 per cent, last year.

Allders finance in place

By Nikki Tait

THE management buy-out team which is negotiating to buy the Allders department stores and Allders international duty free shops from Hanson, says the finance for its offer is now in place.

The equity finance is coming from an investor group led by Prudential Venture Managers, and is co-underwritten by Prudential Venture Managers, 3i and CIN Venture Managers.

The debt finance is being arranged and syndicated by Chemical Bank and National Westminster.

The deal is expected to be worth around £200m-£250m, and it seems unlikely that any further announcement will be made until after Easter.

92% take up Charterhall rights

Charterhall, the investment company, has received subscriptions representing 92 per cent of the new shares offered through a one-for-four rights issue to raise £18.7m.

News Digest

CLARKE, NICKOLLS

Surge to £4.24m and assets jump

CLARKE, NICKOLLS & Coombs, the property investor and developer, raised 1988 *turnover by £5.31m to £11.98m* and for the 12 months saw profits surge from £1.53m to £4.24m at the pre-tax level.

Profits included £1.6m from the sale of investment properties and £1.7m from the associates.

The dividend total is being lifted by 1p to 4.5p via a final of 3.15p from earnings sharply higher at 28.91p (9.93p). At the year-end net asset value per share stood at 179p, an advance of 46p.

The current year had begun strongly and the directors said they intended to continue to strengthen the company's underlying asset base and maintain a good spread of development activity.

EW FACT

Forecast beaten with £552,000

EW Fact, which provides accountancy and banking tuition courses and financial textbooks, made a pre-tax profit of £552,000 for 1988, from turnover of £2.5m.

The profit compared with some £534,000 forecast when the company joined the USM last November, and with £467,000 recorded for 1987.

The directors said prospects for growth were excellent, and *reiterated their forecast* of a minimum 3p dividend for the current year.

Overall, the full and part time courses for accountancy and banking remained heavily subscribed, and represented 94 per cent of turnover. Legal tuition was due to become another successful area of growth.

ARTHUR WOOD

Advance to £361,000

In 1988, Arthur Wood & Son (Longport), earthenware manufacturer, lifted its pre-tax profit from £325,000 to £361,000, after showing a £72,000 increase at the halfway mark.

The first half rise was attributed to greater efficiency and the elimination of losses following the sale of Carlton Ware. For the whole of the year the directors *said* results from the Arthur Wood factory were satisfactory but Price and Kensington had a disappointing time.

That was mainly because reorganistion caused some disruption to production; but that had been overcome and both companies had increased sales significantly in the opening two months of the current year.

Sales for the year worked *through at £3.38m (£4.1m)* and generated a trading profit of £278,000 (£289,000). Earnings were 11.86p (10.09p) and the dividend is 3.85p (3.5p).

A below-the-line provision of £100,000 was made against a loan to a former subsidiary.

HIBERNIAN

Higher profit and payment

Hibernian, the Dublin-base insurance group, increased profits before tax from I£10.76m to I£13.07m (£10.9m) for 1988. Profits of £8.58m (£5.02m) were also realised on sales of investments, although these were accounted for in reserves.

Premium income declined to £110.97m (£113.77m) but underwriting losses were trimmed from £12.26m to £10.22m. Earnings per share amounted to 13.6p (10.8p) and a final dividend of 2.9p lifts the total to 4.3p (3.9p).

The group increased its share of lower risk business in the UK, mainly in provincial areas, and was expecting to derive some 20 per cent of its *total revenue from the UK* within two years.

SPANDEX

Sharply ahead to £4.13m

Spandex, a USM-quoted marketer of specialised computer-aided sign making equipment, returned profits of £4.13m pre-tax for 1988 from a turnover of £28.86m.

The company has changed its year-end and comparative restated figures of £2.74m and £19.43m respectively cover the ten months to end-December 1987.

Earnings emerged at 24.5p (16p) and a final dividend of *2.75p raises the total by 1.25p* to 4.25p.

PUBLIC WORKS LOAN BOARD RATES

Effective March 15

Years	Quota loans repaid by EPI†	Quota loans repaid †††	Quota loans repaid at maturity§	Non-quota loans A* repaid by EPI†	Non-quota loans A* repaid †††	Non-quota loans A* repaid at maturity§
1			12			12¾
Over 1 up to 2	11¾	11¾	11⅛	12¾	12¾	11⅞
Over 2 up to 3	11⅝	11¼	10¾	12⅝	12¼	11½
Over 3 up to 4	11	11	10⅝	12	12	11⅜
Over 4 up to 5	10⅞	10¾	10½	11⅞	11¾	11¼
Over 5 up to 6	10¾	10¾	10½	11¼	11¼	11
Over 6 up to 7	10⅝	10⅝	10½	11⅛	11⅛	11
Over 7 up to 8	10⅝	10½	10⅜	11⅛	11	10⅞
Over 8 up to 9	10½	10½	10¼	11	11	10¾
Over 9 up to 10	10½	10½	10	11	11	10½
Over 10 up to 15	10⅜	10⅛	9⅝	10⅞	10⅝	10⅛
Over 15 up to 25	9¾	9½	9⅜	10¼	10	9⅞
Over 25	9⅜	9¼	9¼	9⅞	9¾	9¾

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1987							
4th qtr.	108.8	109.4	29.1	133.3	210.8	2,858	262.1
1988							
1st qtr.	107.7	110.8	31.1	135.3	173.3	2,488	249.9
2nd qtr	109.4	112.6	31.2	137.0	181.2	2,364	255.2
3rd qtr.	111.0	116.5	32.0	139.2	188.0	2,228	244.3
4th qtr.	110.8	117.8	33.1	140.8	228.9	2,181	244.9
April	108.9	111.6	31.0	136.3	180.4	2,403	255.9
May	109.5	112.9	31.3	137.7	180.4	2,364	254.5
June	110.0	113.1	31.2	137.0	182.3	2,324	255.1
July	110.8	115.8	31.7	140.6	191.4	2,267	249.7
August	110.9	116.4	32.1	138.5	187.0	2,226	242.7
September	111.5	117.1	32.0	138.4	185.6	2,192	240.3
October	111.0	117.1	32.4	141.2	198.8	2,158	251.2
November	111.7	117.4	33.0	140.4	218.5	2,105	245.2
December	109.7	118.8	33.1	140.8	272.2	2,039	238.3
1989							
January				137.4	184.1	1,990	229.2
February				140.8			

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1987							
4th qtr.	108.9	107.0	108.9	107.5	112.0	103.4	17.0
1988							
1st qtr.	108.5	106.2	107.0	107.4	118.5	103.8	19.6
2nd qtr	111.6	108.1	106.6	110.3	120.5	101.1	22.3
3rd qtr	113.9	115.4	108.3	115.8	123.8	102.1	20.4
4th qtr	114.9	113.8	108.1	115.3	122.9	102.1	18.5
April	110.5	108.1	108.4	109.0	123.8	100.0	21.0
May	113.1	107.3	102.7	110.0	120.0	102.0	19.8
June	111.7	111.8	108.5	112.0	119.0	101.0	23.5
July	113.7	113.9	108.4	115.0	125.0	104.0	20.6
August	113.3	115.9	108.1	116.0	126.0	102.0	20.5
Sept.	114.7	116.6	108.3	117.0	120.0	101.0	20.1
October	114.2	115.1	108.2	117.8	128.0	101.0	19.6
November	115.3	115.8	108.8	117.0	118.0	102.0	21.5
December	115.4	110.3	107.1	112.8	124.0	103.0	14.4
1989							
January							19.2

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1987							
4th qtr.	111.9	120.8	-3,280	-1,988	+1,073	97.8	44.33
1988							
1st qtr.	106.2	117.1	-3,874	-2,835	+880	97.8	44.84
2nd qtr	110.8	128.6	-4,428	-2,861	+684	98.5	48.52
3rd qtr	110.2	138.2	-5,783	-3,724	+373	99.1	50.48
4th qtr.	108.9	137.3	-6,251	-5,051	+401	97.8	51.07
March	107.5	115.7	-1,026	-678	+220	98.8	44.64
April	113.0	123.5	-1,287	-648	+309	98.2	47.86
May	107.7	126.4	-1,713	-1,124	+223	98.7	48.53
June	111.8	130.2	-1,572	-983	+152	98.7	48.52
July	107.8	144.9	-2,881	-1,895	+79	98.6	49.83
August	106.8	127.8	-1,857	-970	+177	100.0	50.64
September	114.1	131.0	-1,473	-787	+164	98.1	50.48
October	103.7	139.8	-2,858	-2,258	+87	97.8	50.05
November	107.1	131.0	-1,886	-1,485	+132	97.0	51.04
December	108.1	133.8	-1,763	-1,363	+141	98.7	51.89
1989							
January	114.5	146.1	-2,089	-1,888	+103	100.3	51.71
February							51.68

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1987							
4th qtr.	4.9	22.2	22.9	+11,202	3,807	+946	8.50
1988							
1st qtr.	5.2	26.6	20.8	+12,903	3,651	+965	8.50
2nd qtr	6.6	16.6	20.53	+15,343	4,173	+1,166	9.50
3rd qtr.	7.7	17.4	22.7	+15,740	3,162	+1,092	11.50
4th qtr.	7.7	14.4	20.4	+13,379	3,168	+873	12.76
May	6.4	20.8	18.8	+3,796	1,359	+363	7.50
June	7.8	18.6	20.4	+5,144	1,239	+429	9.50
July	6.9	15.1	21.1	+6,156	1,362	+345	10.50
August	7.0	15.8	20.6	+3,369	1,179	+471	12.00
September	8.5	17.8	22.7	+5,875	621	+278	12.00
October	7.7	13.6	19.8	+4,289	1,583	+186	12.00
November	7.7	11.7	29.6	+3,857	766	+392	13.00
December	7.7	14.3	20.8	+6,179	819	+295	13.00
1989							
January	7.4	11.4	21.4	+6,505	784	+224	13.00
February							13.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1987							
4th qtr.	120.5	96.4	109.8	103.2	101.7	1,682	74.9
1988							
1st qtr.	121.5	96.9	111.0	103.7	103.5	1,747	75.3
2nd qtr	124.8	97.8	112.6	106.2	104.6	1,817	77.0
3rd qtr.	127.5	98.8	113.9	108.6	104.7	1,902	75.9
4th qtr.	131.9	100.1	115.2	109.9	105.7	1,887	77.5
May	124.1	97.7	112.6	106.2	104.7	1,778	78.4
June	125.9	99.5	113.0	106.8	104.8	1,836	76.3
July	128.3	98.4	113.5	106.7	104.0	1,976	75.6
August	126.8	98.8	113.9	107.9	104.4	1,863	76.5
September	127.3	98.2	114.3	108.4	104.0	1,873	75.5
October	128.9	98.9	114.9	109.5	104.9	1,874	76.3
November	131.2	99.8	115.2	110.0	105.7	1,866	77.1
December	135.7	102.6	115.4	110.3	106.5	1,921	79.0
1989							
January		103.9	116.5	111.0	107.4	1,989	97.0
February		101.7	116.8			1,954	97.4

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

ILG

INTERNAL AUDIT MANAGER

Leisure Sector

West Sussex c.£30,000 + car + benefits

International Leisure Group are major players in the leisure and travel industry. In a highly competitive marketplace, shrewd management and aggressive marketing have given ILG a secure passenger base in UK tours operations which will act as a springboard into a pan-European operation, underlining very ambitious plans for continued growth in their airline operation. This growth is to be both organic and by acquisition.

An Internal Audit Manager is now required, who will report to the Group Finance Director and assume responsibility for the review and evaluation of the Group's financial and operational systems and requirements. This is a high profile role, with contact at board level. In addition to the more traditional audit functions, it will involve considerable trouble-shooting and a range of ad hoc exercises.

We are seeking a young and energetic individual, who should ideally be a qualified accountant. However, a lawyer or an MBA with appropriate experience would also be considered. Previous commercial experience is preferred, ideally gained in an organisation with international interests.

A confident, positive personality is needed with considerable initiative. This should be combined with first class verbal and written communication skills and strong analytical ability. Excellent opportunities exist within the Group for future development and progression.

Please write in confidence enclosing full career details, quoting reference I3735 to Anne Routledge.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Systems Accountant

IT Development in Investment Management

c £30,000 + benefits
City

This well established Investment Management organisation serves a large volume of unit trust holders and has a specialised market niche in institutional funds.

New computer systems are now being implemented supporting both fund management and back office accounting requirements. To assist with the implementation process, plus the on-going operation and *enhancement of the systems,* a young accountant is now sought.

This position provides an ideal opportunity for you to develop your IT and systems experience, whilst also allowing you to maintain your accounting knowledge.

To fulfil this role you should be a qualified accountant (ideally Chartered), with at least 3 years' post qualifying experience either in, or with exposure to, financial services and computer systems. Whilst not *essential, experience within an invest*ment management organisation or of an implementation of QUASAR systems would be a distinct advantage.

The compensation package will be attractive and will include a negotiable salary and other benefits.

Please send your CV quoting reference MCS/9014 to Susan Ryder,
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Group Finance Director/ Company Secretary

North West to £35,000 + car + benefits

Our client, an established £20m turnover private group of companies, is acknowledged as a market leader in the manufacture and supply of a range of products to the leisure industry. Having enjoyed a period of sustained growth, the group has operations in the UK, France and Spain, and now seeks to appoint a Finance Director/Company Secretary to play a key role in its next stage of development. Reporting to the Managing Director and supervising a team of eighteen, you will be responsible for:

- **Ensuring the provision of timely and accurate financial and management information**
- **Interpreting this information and advising the Board accordingly**
- **Assisting the Managing Director in the evaluation and formulation of business development policy**
- **Developing and maintaining effective financial reporting systems**
- **Company secretarial duties**

Candidates, aged 32 to 45, will be qualified accountants with significant experience in financial/management reporting gained at senior level within a commercial environment. The successful candidate will also be able to demonstrate:

- **The ability and maturity necessary to manage a finance function within a fast changing environment**
- **Well developed man management and communication skills**
- **Commercial awareness**

The opportunity offers an attractive salary package which includes private medical care, pension scheme and relocation assistance where appropriate. Interested applicants should send in confidence a detailed curriculum vitae including current remuneration to: **Mark Carriban, Spicers Executive Selection, 12 Booth Street, Manchester M60 2ED.**

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

GROUP TAX MANAGER

c£37,500+CAR+BENEFITS

Our client is a major international insurance broking group, based in the City of London.

We have been retained to recruit a Group Tax Manager who will have principal responsibility for tax planning with a view to minimising the substantial tax burden of the Group. He/she will report to the Finance Director and manage the Tax Department which is involved with UK and overseas compliance work, VAT, PAYE and CFC issues as well as ad hoc projects which entail advising on acquisitions and disposals and currently includes a major international structural reorganisation.

The ideal candidate will be a qualified accountant with at least five years post qualification tax experience gained preferably in the commercial sector. Aged 30-40, applicants should possess strong communication skills to ensure effective interaction with both the finance function and senior management.

Interested applicants should call Jane Barclay on 01-831 2288, (evenings and weekends 01-202 7478) or write sending full details to Gabriel Duffy Consultancy, 31 Southampton Row, London WC1B 5HJ.

Gabriel Duffy Consultancy

EUROPEAN FINANCIAL CONTROLLER

C. £33,000 + Bonus + Car and Benefits

The Company: We are an international service company specialising in business information and publishing, with offices in several European locations, and part of a prestigious international group.

The Job: Due to internal reorganisation the position of European Financial Controller has been created, based in the Greater London area. The initial task will be to reorganise and oversee the transfer of the accounting function of the European Operation in London, involving the recruiting of a small team. On going responsibilities will include preparation of monthly management accounts, budgets, cash flow, cash management and statutory accounts.

The Candidate: The successful candidate is likely to be a qualified accountant with 6-8 years post qualification experience and an excellent track record in a similar function, computer literate, analytical and having good interpersonal skills. International experience, though not absolutely essential, will be an advantage, as will relevant industry experience.

Application with current CV should be sent to Box A1171, Financial Times, 10 Cannon Street, London EC4P 4BY

Finance Director

Hampshire £28-30,000 + Bonus + F/E Car

Our client is a hi-tech electronics subsidiary of a substantial UK plc, based in the Hampshire countryside. Following a period of solid growth and having achieved world leadership with several of its products, the company is now poised to at least double in size in the next 3 years from its current base of a £10m turnover.

As a result of this growth the company has recognised the need to strengthen the management team with the appointment of a commercially minded, and creative Finance Director.

Reporting to the Managing Director you will have responsibility for a small team covering the full finance function including monthly reporting, cash management and systems development. However, the prime nature of the role will be to provide constructive financial information, advice and guidance to *enable the business to grow* both *rapidly* and *profitably* in a controlled manner. The ability to contribute across a wide front will therefore be particularly important.

The successful candidate will be a qualified accountant aged 33-40 preferably with experience in a high growth, hi-tech environment and knowledge of manufacturing accounting techniques, MRP and JIT. Your management style will be strong, forceful and persuasive, but diplomatic, with the emphasis on teamwork.

The excellent remuneration package includes a significant bonus, fully expensed car, family medical insurance and relocation expenses where appropriate. Interested applicants should *submit their CV to* Wayne Thomas,
Executive Division, Michael Page Finance,
Windsor Bridge House, 1 Brocas Street, Eton,
Berkshire SL4 6BW.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Financial Analyst

London c£28,000 + Car + Benefits

Our client is one of Britain's most prestigious retailing groups. They currently seek to strengthen their Financial Planning Team through the appointment of a Financial Analyst.

With responsibility for a portfolio of businesses the role will encompass all areas of financial planning, particularly including the monitoring of performance of individual operations within the group. Additionally the successful candidate will be involved in the preparation of group forecast, capital expenditure appraisal information and the presentation of information to the board. You will also be involved in the annual group budgeting cycle.

Candidates will be graduate calibre Chartered Accountants who are likely to have qualified within an international firm. Excellent communication ability, both written and oral, and well developed inter-personal skills are essential in order to liaise effectively with senior management.

Interested applicants should write to **Barbara Burke** enclosing a comprehensive curriculum vitae and daytime telephone number at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, or telephone her on 01-831 2000 quoting ref. BB27.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

COWIES

Divisional Chief Accountant

North East c £27,500 + Car

Our client, the Motor Division of T. Cowie Plc, a market leader in vehicle distribution and financing, has, in common with the rest of the Group, experienced record growth in 1988, including increases in new and used vehicle sales of 28% and 43% respectively. The Division is committed to further growth, both through acquisition and the ongoing redevelopment of its 19 existing UK sites.

Due to this continued expansion, they now wish to recruit for the new post of Divisional Chief Accountant. Based at the company's Sunderland Head Office and reporting to the Divisional Executive Director, duties will include the overall responsibility for the preparation of monthly accounts and other financial management information for the sites within the division, the provision of advice on operational aspects of the business arising from this information and initiating any corrective action required.

Candidates, aged around 30, should be qualified accountants who can demonstrate a successful track record gained within the vehicle distribution sector. An outgoing personality, 'shirt sleeves' approach and willingness to travel within the UK are key requirements. Career prospects are excellent and will be limited only by individual ability. A relocation package is available where appropriate.

Interested applicants should write to Frederick Howie, Regional Manager, Michael Page Finance,
25 Collingwood Street, Newcastle-upon-Tyne, NE1 1JE, (Tel: 091-222 0545)
quoting Ref: NE012.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Two Key Accounting Positions

Senior Project Accountant

Accounting Supervisor

We are a major British Company specialising in the design and project management of offshore oil and gas installations.

As a result of our rapidly expanding project work we have an urgent need to strengthen our Finance Department by recruiting two professional accountants for our offices in Wembley Park.

The Senior Project Accountant will work within and actively assist with developing further the Project Accounting function.

Ideally experienced in a sophisticated high pressure project based environment preferable in oil and gas engineering, you will have a required accounting qualification or be at the final stage.

The Accounting Supervisor will report to the Finance Manager. With overall responsibility for all accounting functions, you must be proactive, methodical and qualified with several years' experience of computer systems implementation and corporate reporting.

The very competitive salary and benefits packages are designed to attract enthusiastic professionals looking for a challenging career move.

Write to Raymond Betts, Divisional Director of Personnel at Davy McDermott Ltd, McDermott House, 140 Wembley Park Drive, Wembley, Middx HA9 8JD.

DM
DAVY McDERMOTT LTD

ACA'S WITH LANGUAGE POTENTIAL

London/Europe c£25,000 + Car

This high profile US multinational corporation is one of the world's most respected organisations. It is highly successful and has widespread European operations. Substantial growth has resulted from its innovative R&D and acquisition policies.

Very occasionally an opportunity arises for a high calibre individual to join the London based team. This team undertakes projects of an analytical and investigative nature, and its activities impact directly on the decision making process at an international level.

As a result of internal promotion, we have been retained to search for exceptional people, aged 25-29, who can demonstrate outstanding technical ability combined with commercial flair and management potential.

Interested applicants should submit a brief CV to the address below or telephone Giles Daubeney in London on 01-437 0464 or Pasquale Mazzuca in Brussels on (32 2) 6495833. For those interested, meetings can be arranged in London, Paris, Brussels and Milan.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Finance Director – Manufacturing Industry

Growth Appointment... Excellent Prospects

c. £35,000, inc. bonus, + car — West Midlands based

Our client is a subsidiary, turnover £125 million, of a renowned UK based group manufacturing and supplying advanced materials and high technology products for markets worldwide.

This post results from internal promotion and calls for a qualified accountant, Chartered or Cost and Management, aged around early 30's to early 40's. A background in process or manufacturing industry must be reinforced by personal commitment, energy and a thoroughly proactive approach in helping to drive a business into the 1990's and beyond.

Salary will be in excess of £30,000 and a generous benefits package will include bonus schemes, quality car, pension and health care schemes and relocation help as appropriate. There are genuine career prospects, given success, of moving into general management.

Please write, with full career details, in confidence, to Andrew Russell Ref: 76550

MSL International

MSL International (UK) Ltd,
Centre City Tower, 7 Hill Street, Birmingham B5 4UA.
Offices in Europe, the Americas, Australasia and Asia Pacific.

Glaxo

Glaxochem is the primary production facility of the international Glaxo Group, one of the world's fastest growing and most successful pharmaceutical companies. Our Ulverston site is one of the major pharmaceutical plants in Europe, employing some 2,000 staff. Situated close to the Lake District National Park, it is responsible for the manufacture by fermentation and chemical conversion of a variety of antibiotics.

The outstanding international sales success of our pharmaceutical products and resulting site expansion means that the Factory Executive Committee now faces a future of outstanding challenge and opportunity. Due to promotion, we are now seeking to recruit a...

Chief Accountant

c£30K + Car + Benefits
Lake District

In addition to conventional site financial responsibilities, you will contribute to the site's general management through membership of the Factory Executive Committee, particularly through the formulation and execution of policies in support of site business objectives. You will be responsible to the Factory Manager, and as the senior representative of the Finance Function, you will be expected to make a significant contribution to financial management at Company level.

Aged 30+ and a qualified Accountant, ideally with a university degree, your broad financial background will include exposure to manufacturing and/or engineering industry. Experience of managing a team engaged in a variety of accounting activities supported by sound analytical ability and the interpersonal skills necessary to maintain and develop constructive working relationships at a senior level, are essential.

Salary and benefits reflect the seniority of this position. These include car, profit sharing, non-contributory pension, BUPA, free life assurance, and relocation assistance. Excellent sports and recreation facilities are available, including squash, badminton, sailing on Coniston Water, and a variety of other sports.

Please write with full CV to
Mr D S Mead, Personnel Manager,
Glaxochem Limited, North Lonsdale Road,
Ulverston, Cumbria LA12 9DR.

Glaxochem
ULVERSTON

Manufacturing Quality Medicines for the world

A VERY BRIGHT YOUNG TREASURER WITH AN INTERNATIONAL OUTLOOK

Unusual scope for personal development

Thames Valley — c. £30,000 + car

The Group is a rapidly expanding world leader in materials technology. One hundred subsidiaries operate in twenty-six countries and 80% of the £500m turnover is achieved in Europe and overseas. A lean and efficient Head Office controls events through clear reporting lines with highly devolved accountability.

The complexity and international spread of the Group's finances mean that profitability depends heavily on the skill and resourcefulness of the Treasury function. A bright young Treasurer is now required to augment the existing team in fine tuning current procedures and pioneering fresh approaches to expansion and acquisition.

A first class intellect and an accounting qualification promptly earned with a leading firm are taken as read, as is exposure to a wide range of treasury techniques in a practice or with a blue chip company. Strong powers of analysis, numeracy and articulacy are also assumed, but the prime requirements are independence, originality and the social and communications skills necessary for high visibility at Board level at home and overseas. Those with the cultural sensitivity and robustness to cope with substantial overseas travel will be especially attractive.

This is essentially a practical, hands-on role offering opportunities for intense professional development and the scope for career progression suggests the late twenties as the ideal age range.

Please send full career details, quoting reference AR.4009, to Ian Patterson at March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SL4 1LU. Alternatively, telephone him for a brief discussion on (0753) 869346 or on (0252) 614319 evenings and weekends.

MARCH
CONSULTING GROUP

Practice Administrator

Cheltenham
Circa £30,000 with car

Our client, a leading firm of international lawyers with a prestigious world wide client base, wishes to recruit a qualified accountant to manage the provision of administrative and accountancy support services.

Reporting to Managing Partner, the position entails responsibility for all aspects of day-to-day running of the practice including administration, personnel and accounting functions. A key area of activity will be the provision of advice to partners regarding the financial implications of strategic, tactical and operating decisions.

The firm places considerable emphasis and reliance on the use of information technology. The Practice Administrator will be responsible for the operational control of the computer systems and advising on the strategic direction of information systems within the practice.

Candidates, aged 27 to 35, will be qualified Chartered Accountants with sound financial experience likely to have been gained in professional practice. Practical experience with computerised accounting systems is essential together with a knowledge of micro-based financial modelling applications.

The salary package offered will be up to £30,000 commensurate with age and experience of candidates. Candidates should write in confidence enclosing a comprehensive curriculum vitae together with salary details, quoting reference MCS 3/89/ to:
Sue Lane
Executive Selection Division
Price Waterhouse
Management Consultants
Clifton Heights
Triangle West
Bristol
BS8 1EB

Price Waterhouse

Senior Financial Accountant

Central London c£28,000+Car

We are acting on behalf of a major UK multinational with a reputation for high technology products. The Company has experienced a period of major strategic and operational change primarily through acquisitions, which has altered its business profile.

A key position has been established in the finance group for a qualified accountant to play a major role in the Company's corporate accounting function. He or she will be responsible for the preparation of both statutory and management reporting, and in addition will provide analytical appraisal and advice at Board level.

Applications are invited from qualified graduate Chartered Accountants (either straight from a 'Top 20' practice or already in industry) who are confident of making an immediate contribution to a dynamic organisation. The successful candidate is likely to be under thirty and must have strong interpersonal skills and be capable of liaising at management level.

This is a high profile position which represents a rare opportunity to enter a 'blue chip' company at a senior level. A highly competitive remuneration package is available coupled with excellent career prospects.

To find out more about the opportunity and the organisation please telephone Collette Harrison on 01-831 2000 or write to her at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH. Quoting reference M122. Neither names nor details of respondents will be disclosed to the Client without their express permission.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

LASMO

Group Tax Manager

London

London & Scottish Marine Oil PLC is the second largest, UK owned independent oil and gas company with interests in 14 countries and with an estimated production capacity of 90,000 b.o.e. per day. The company enjoys a high reputation in financial circles for its innovative approach and with an exceptional portfolio of UK and International exploration acreage combined with a strong financial policy, it is powerfully positioned to promote continuing rapid growth.

Your role, as a key member of the financial management team, carries accountability for advising the company on the tax implications for UK and international activities in respect of acquisitions, disposals and reorganisations, fund raising and cross border transactions and the monitoring of tax positions of overseas companies and branches. Reporting to the Finance Director, you will head a small team of tax specialists, liaising with legal and financial advisers both internal and external.

You will already be holding similar responsibilities at senior level with a UK plc, preferably with international exposure. You will be professionally qualified, with excellent communication skills and a high degree of self motivation. Salary will not be a limiting factor for the right candidate who will probably be already earning at least £40,000 pa.

Contact Neil Macmillan, who is advising on this opportunity, at Macmillan Davies (Reference MD2086), Salisbury House, Bluecoats, Hertford, SG14 1PU.
Tel: (0992) 552552.

Macmillan Davies
M A N A G E M E N T S E L E C T I O N

FINANCIAL CONTROLLER

West End **£30-35,000 + Car**

Through an impressive development programme, our client has emerged as a market leader within the healthcare services sector and is firmly establishing a respected presence within other professional areas.

As a result of this diversification and expansion, they now seek to appoint a key individual to complement their senior management team.

Reporting to the Managing Director, responsibilities will include all aspects of financial and management reporting, business planning and credit control.

The successful candidate, aged 32-38, will need to display a practical and mature approach to business issues and have the enthusiasm and ability to contribute to a small and highly committed management team. Leadership and motivational skills are essential.

If you feel you can aspire effectively to this challenging role, please telephone James Hyde on 01-437 0464 or write to him, enclosing brief details, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

APPOINTMENTS ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

Patrick Sherriff ext 4627

THE RIGHT DIRECTION FOR YOUR FINANCIAL SKILLS

FINANCIAL DIRECTORSHIPS

Manchester & Birmingham c. £25K + Car + Bonus

Kalamazoo Distribution in Manchester and Kalamazoo Franchising in Birmingham are both successful and rapidly expanding subsidiaries of Kalamazoo plc, operating in high growth markets and extending the parent company's business activities into *new market sectors.*

Financial Directorship opportunities now exist at both subsidiaries requiring qualified accountants with proven experience and the ability to influence and contribute to future company developments. Candidates will be expected to demonstrate the personal qualities *necessary to lead and motivate our teams,* and should have the ability to play a key role in progressing business initiatives. Candidates for the Birmingham position will find franchising experience to be a distinct advantage.

Both appointments carry attractive salary and benefit packages reflecting the seniority of the positions.

Please write enclosing Curriculum Vitae to:- The Personnel Director, Kalamazoo plc, Northfield, Birmingham B31 2RW.

Interviews will be held at Manchester, Birmingham or London at your convenience.

KALAMAZOO
BETTER BUSINESS SOLUTIONS

FERRO

INTERNATIONAL CORPORATE AUDIT MANAGEMENT

Based Aldridge, Staffs **First Rate Salary & Benefits Package**

Ferro Corporation, a multi-national Fortune 500 company, headquartered in Cleveland, Ohio, is a profitable worldwide Group and market leader in the field of industrial specialty materials. The corporation wishes to develop a Corporate Internal Audit function in Europe, and is therefore able to offer two important posts to high calibre professionals.

Corporate Senior Internal Auditor

This new senior audit post will report to the Corporate Audit Manager (USA) and will take full responsibility for the development of audit plans and programs, and the conduct of audits throughout the U.K. and other European subsidiaries of Ferro Corporation. Emphasis will be placed upon the provision of meaningful commercial information, whilst ensuring all relevant procedures are followed.

Candidates will be qualified Accountants with a degree and several years experience in a manufacturing environment within a senior audit role. Well developed communication skills are of paramount importance, as is the ability to raise the profile of the function through Europe.

Corporate Internal Auditor

Responsibilities in this new position will include regular audits throughout all European subsidiaries, under the direction of the Corporate Senior Internal Auditor. The role will suit an able, ambitious, qualified Accountant with a degree, and would provide an appropriate first move from professional practice.

These roles both allow for considerable personal development and advancement. Opportunities for promotion within the Corporation are wide-ranging and challenging.

Please apply, in writing, with full career and salary history details and stating which post interests you, quoting reference B/186/89 to Louisa Chapman.

KPMG Peat Marwick McLintock

Executive Selection
Peat House, 45 Church Street, Birmingham B3 2DL.

Financial Controller

London **Salary & Bonus c£35,000 + Car**

Our client is the UK sales and marketing subsidiary of an international office space environment group; itself being part of a £450m turnover quoted group.

The UK operation was established several years ago and has grown to a profitable turnover, in excess of £30 million, in a primarily contract orientated business with plans well in hand to grow the business at least 20% per annum through maximising its market share.

Continued growth together with a more definitive emphasis on managing the bottom line has generated the need to strengthen the management team with the appointment of a Financial Controller, with short term prospects leading to a Financial Directorship.

You will have responsibility for a small team handling all the financial, cash management, company secretarial and information technology matters affecting company performance. Particular emphasis will be placed upon commercial input to managing, directing and controlling the business which will require considerable strength of character – with diplomacy, ie "an iron fist in a velvet glove." There will also be a need for considerable systems development to create an effective management information system.

The successful candidate will be a qualified accountant, preferably ACA, and is most likely to be aged between 29 and 34. Your industrial experience will have been in a sales and marketing company, most probably at Assistant Controller level. The personal qualities that we are seeking include drive, enthusiasm, energy and commitment, together with very strong professional skills and ethics. Language skills, whilst useful for European career progression, would be helpful but are not a prerequisite of this position.

Interested applicants should submit their CVs to *Wayne Thomas, Executive Division,* Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW.

MP

Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director

East Midlands
c£35,000 + car + benefits

This well established medium sized public company has a clear positioning and excellent reputation in its particular sector of the clothing and textiles industry. Business strategy is well defined and includes an active acquisition programme as well as organic growth.

A commercially aware Finance Director is of key importance in achieving the strategic goals. The role involves the usual responsibility for financial control, through a well organised accounting team, plus the exciting opportunity to participate fully in formulating and actioning development plans and acquisition policy.

Accordingly applicants must have an excellent track record in financial management which includes experience of manufacturing industry and acquisitions. They should have the maturity to work at senior level, good leadership and communications skills and sound business awareness. Preferred age 30-45.

This is an outstanding career opportunity offering a first class package which is negotiable for the right person. Please write with career details age and current salary, quoting MCS/2048 to Geoff Firmin,

Executive Selection Division
Price Waterhouse
Management Consultants
Victoria House
76 Milton Street
Nottingham
NG1 3QY

Price Waterhouse

GROUP FINANCE DIRECTOR

Birmingham c£70,000 + Car

Our Client is a highly successful, prestigious group of service companies which has ambitious plans for substantial growth and development. The Group is now looking to recruit a Group Finance Director to play a major part in this development.

This high profile role will require the job holder to review and develop the financial disciplines within the Group to ensure that they are able to meet its immediate and future needs. In addition, the Finance Director will contribute to the strategic development of the Group as a key member of the Board. This will involve contact with external institutions including the City.

Applicants for this post should be qualified Accountants and have significant previous experience of operating at Group Board level. Above all it is essential that they have a proven track record in applying financial and commercial skills to a developing group of businesses. Experience of dealing with major institutions is also essential.

If you are interested in being considered for this key post please apply in writing, with full career and salary history, quoting reference B/188/89 to David Rowley.

KPMG Peat Marwick McLintock

Executive Selection
Peat House, 45 Church Street, Birmingham B3 2DL.

A bright future for an enterprising and innovative

Financial Controller

Financial Director Designate

London : Initial Salary c. £25k + car

This is a critical "high-profile" role offering the opportunity to contribute to and considerably influence the future direction of our client - a market leader and part of a substantial and expanding plc.

Based at their modern H.Q. site in East London your initial brief will be to improve and develop costing and budgetary control systems. Additional activities will focus upon improving the quality of management information and assisting with the development of the corporate plan.

Whilst the existing finance team is well established there is a substantial job to be undertaken to review and implement systems and to generally raise the profile of the function, which will provide considerable scope for innovation.

Success will lead to appointment as F.D. within twelve months.

You will be a qualified Accountant, probably aged late twenties/early thirties and with a pragmatic, "hands-on" working style. Experience gained within a manufacturing environment would be particularly useful.

The salary is for discussion c.£25k and car, plus benefits package together with entry to a bonus scheme upon appointment as Financial Director.

This is a real opportunity for a young, commercial Accountant to make a positive impact within this forward looking group. Please send your c.v., giving full salary details and quoting Ref. AR5005 to: P. Bainbridge, March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SL4 1LU.

MARCH
CONSULTING GROUP

Finance Director

Private Group

Suffolk **c£45,000 + Share Options + Car**

An exceptional opportunity exists for an ambitious and highly motivated finance executive to join an established and diverse private group of companies now seeking to accelerate their expansion by acquisition and increased market penetration. The group currently has a turnover of £6m and substantial asset backing; its target is to achieve £50m sales and listing status within 3 years.

The Finance Director, working closely with the Chief Executive, will be responsible for all corporate finance and capital structure requirements, acquisition evaluation and negotiations, treasury management and financial control, including the provision of effective management information systems throughout the group.

Candidates should be qualified accountants with sound experience of corporate finance, developing banking relationships and managing rapid change, ideally within a services or retail environment. You must be decisive, pro-active and resilient with the shirt sleeves attitude needed in a small, ambitious group.

Interested applicants should write enclosing a comprehensive CV with daytime telephone number, quoting Ref: 306 to Barry Oliier, BA, ACA, Whitehead Rice Ltd, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Appointments Advertising

Appears every Wednesday and Thursday

for further information
call 01-248 8000

Patrick Williams ext 3694	Deirdre Venables ext 4177
Paul Maraviglia ext 4676	Elizabeth Rowan ext 3456
Patrick Sherriff ext 4627	Candida Raymond ext 3351

COMMODITIES AND AGRICULTURE

Oil prices reach 15-month highs on US stocks fall

By Steven Butler

OIL PRICES yesterday continued to rise strongly in response to a larger-than-expected drop in reported oil stocks in the US.

North Sea Brent oil prices rose 47½ cents to $18.50 for April delivery. At the New York Mercantile Exchange, the xxxx futuree contracts for West Texas Intermediate Crude was up 52½ cents at $19.70 in midday trading. These are the bigbest pricee seen since December 1987.

US crude oil stocks fell by 2.29m barrels to 333.86m barrels in the week ended March 10, according to e weekly American Petroleum Institute statistical report. Gasoline stocks held in primary storage fell by 4.74m barrels, and other petroleum prodncts fell as well.

The fall in stock levels appears to have convinced traders that a surge in production by members of the Organisation of Petroleum Exporting Countries in the fourth quarter of 1988 would not show up in stocks. Instead fourth quarter consnmption is believed to have been bolstered by a number of one-off factors.

These include: colder weather compared to 1987, a shutdown of nuclear reactors in Japan that led to increased residual fuel oil consumption, strikes at nuclear facilities in France, problems with hydro-electric facilities in Spain and Italy, and fuel oil stocking by consumers in Germany ahead of tax changes. These factors combined to reduce primary stock levels coming into the new year, allowing the surge in Opec production to be easily absorbed.

Oil prices have risen by over e dollar barrel this week alone, partly in response to reports that Saudi Arabia was making sharp cuts in deliveries of oil to Japanese customers in April. The cuts were expected to be imposed on European and North American customers as well.

The cuts have give further weight to the view that Opec has sncceeded in sharply redncing outpnt from earlier levels, although most analysts believe that Opec wellhead prodnction is over 19m barrels a day, compared with an agreed ceiling of 18.5m b/d. However the Opec quotas are defined as sales to the market and some of this production may be entering producer stocks.

Other bullish factors include promised second quarter output cuts of about 300,000 b/d by non-Opec producers and the spate of equipment failures in the North Sea that has reduced output. The Ekofisk field in Norway, which prodnces 245,000 b/d, came back on stream yesterday following a small fire on Monday which shut down production.

Although the stoppage was relatively brief, it follows a series of other problems at North Sea fields that collectively has had a large impact. The relative shortage of North Sea crudes, which are low in sulphur and contain good yields of high-margin light petrolenm prodncts, has caused a rise in price relative to heavier, sour, or high sulphur, crudes.

Canadian farmers to sow more grain

By David Owen in Toronto

CANADIAN FARMERS will this year sow more wheat and oats but less rapeseed than in 1988, according to Farmdecision Resources, a unit of United Grain Growers, the Winnipeg co-operative.

All told, wheat plantings are projected to rise by 8 per cent to 33.3m acres, while farmers intend to seed 4m acres of oats – up 11 per cent from a year ago.

The area under rapeseed, by contrast, is forecast to fall a sharp 14 per cent to 7.6m acres. Fallow ground will stand at a record low 19.6m acres, down 10 per cent.

Among other crops, flax acreage is expected to reach 1.5m acres – up 15 per cent, while 10.1m acres of barley will be seeded – a rise of 3.2 per cent. Rye acreage is projected to total 552,000 acres.

● Mr Kevin Marcus, an agricultural meteorologist and director of Cropcast Inc, yesterday told members of the US National Grain and Feed Association that he estimated a 40 per cent chance of a drought in the US plains this year, reports Reuter from San Diego.

EC may 'lose out' on biotechnology

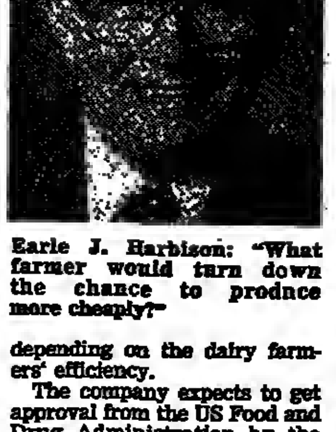
By Bridget Bloom, Agriculture Correspondent

EUROPEAN FARMERS and agribusiness companies are in danger of losing out to the US and Japan in the new biotechnological revolntion which holds out the prospect of increasing agricultural yields by 15 to 20 per cent over the next two decades, Mr Earle J. Harbison, President of Monsanto, the US chemical corporation, has warned.

Mr Harbisoo, whose company has already spent more than $1bn on biotechnology research said he believed political controversy over biotechnology in Europe could result "in the technology winding np in the hands of the Japanese – just like semi-conductors did."

The European Community was currently holding its own in the biotechnology race. However, unless EC political leaders could agree to provide a proper framework for the development of its products it would fall behind badly, he said in an interview in London.

Monsanto is one of two US companies – the other is Eli Lilly – which have applied for approval of bovine somatotropin, a hormone naturally occuring in cows which can now be replicated using the gene-splicing techniques of biotechnology. Monsanto says BST, as it is known, can increase milk yields immediately by 15 to 25 per cent depending on the dairy farmers' efficiency.



Earle J. Harbison: "What farmer would turn down the chance to prodnce more cheaply?"

The company expects to get approval from the US Food and Drug Administration by the end of the year but faces much greater problems in the EC, where the application for approval is making its slow way through expert committees of the European Commission. It is doing so against the background of considerable political opposition in some member states to BST and a number of other products, like steroid-based growth hormones for beef cattle, which, though not necessarily related to BST, are generating similar concerns.

Manufacture of BST could begin immediately approval is given, making it the first agricultural mass market biotechnology product, though e number of products such as insulin are already available for human use from genetic engineering techniques.

Other farm products in the Monsanto pipeline inclnde tomatoes, cotton, soya, rapeseed and ultimately wheat, which are all being bred to be disease and pesticide resistant. In field trials, Monsanto have engineered tomatoes which are resistant to Roundup, one of its major non-selective herbicides. As a result, when this becomes commercially available, perhaps in four or five years time, costs of protecting crops could fall from $130 an acre to only the $30, Mr Harbison said.

Monsanto estimates that the worldwide market for biotechnology products will reach an annual $100bn within the next decade. However, while tha new US Administration of President Bush seemed politically committed to biotechnology and was now operating a sensible regulatory framework for approving individual products, the same could not yet be said of the EC, Mr Harbison said.

Monsanto was concerned that political and ethical arguments on, among other issues, the advisability of increasing yields at a time of big farm surpluses, were in danger of undermining public confidence in biotechnology.

Political leeders, and through them the public, had a unique opportunity to make sure that the science was safely developed, Mr Harbison said. What they should realise however was that biotechnology could not be stopped.

Mr Harbison denied that his warnings stemmed from fears that Monsanto had committed itself too heavily to biotechnology and was now afraid that promised markets would not materialise. There was obviously some risk in committing roughly a third of the company's overall yearly research budget of $650m to biotechnology, but there was no question of the company – or the US – pulling out.

Neither could he accept the arguments that present surpluses made higher yielding products redundant. Quite apart from not being able to put the clock back on biotechnology, higher yields did not need to mean higher production. "What farmer would turn down the chance to produce more cheaply the same milk from 10 cows that he produced from 12 cows before?" he asked.

Fish row debate postponed

By Tim Dickson in Brussels

THE KEEN sensitivities aroused by the current fishing row over "quota hopping" were demonstrated yesterday when the European Commission postponed a debate on the issue.

The problem has come to the surface in Brussels over the last few weeks because of Britain's decision in the new Merchant Shipping Act to outlaw foreign ownership of British registered fishing vessels. The move – designed to stop boats from other Community countries, notably Spain, from taking advantage of UK national fishing quota allocations – has not only run foul of the Brussels authorities but has been so far successfully challenged by a group of Spanish-owned fishing companies in the British High Court.

Commission officials acknowledge that the growing practice of quota hopping has put the Community on the spot. The Common Fisheries Policy agreed in 1983 is based on national quotas, yet as seen from Brussels the nationality requirements of the new British legislation arguably run counter to EC rules on freedom of establishment.

The Commission's response so far is a draft paper prepared by the civil servants in the Fisheries Division which simply points out that preliminary legal opinion provides support for much of the British case, and that the best course to steer would be to wait for a final verdict from the European Court of Justice.

Some Commissioners, however, feel that they should adopt a more positive approach at this stage in an effort to secure an early political compromise among the member states. The matter had been expected to figure on the agenda of the European Commission's weekly meeting in Strasbourg yesterday but in view of the complexities of the arguments and the need for more preparation discussion was put off until next week.

An appeal by the British Government against the High Court decision, meanwhile, was still being heard yesterday.

Peruvians fine foreign trawlermen

By Veronica Baruffati in Lima

NINE FOREIGN fishing vessels, including three Soviet trawlers mentioned in the December 6 fishing agreement, have been fined by the Peruvian authorities for infringing Peruvian maritime regulations.

They were all fishing in Peru's waters without authorisation. One Ecuadorian vessel had entered to fish illegally. Three Cuban and two Chilean vessels were also caught.

Mr Romulo Leon Alegria, the Peruvian Minister of Fisheries, denied that the controversial fishing agreement with the Soviets was counter-productive. The agreement allows Soviet trawlers to fish in certain sections of Peruvian waters in return for 17.5 per cent of their catch for the Peruvian market.

When asked asked about the possible embargo of the Soviet trawlers, Mr Leon replied: "We will only apply the embargo if the Soviets don't deliver what they promise. But before this incident occurred, the Soviets had already delivered 3,000 tonnes of fish... Peru respects the fishing agreement and trusts that the Soviets will do likewise."

Mr Manuel Sotomayor, president of the National Fishing Society, made a public plea on Tuesday for the same benefits enjoyed by the Soviets in Peruvian waters. "There are pronounced differences in the terms applied to private fishing companies and those applied to the Soviets," he complained.

Under existing legislation, private Peruvian fishing companies are not allowed to export more than 50 per cent of their catches.

Saskatchewan cultivates potash profits

David Owen reports on a distinct improvement in the industry's fortunes

TWO-THIRDS of a mile below the frigid Saskatchewan Prairie, the temperature is a balmy 80 degrees.

Mr Mo Molavi, chief engineer at the Allan potash mine, is explaining the workings of a redoubtable two-rotor continuous boring machine. "It can cut 550 tonnes of ore per hour," he says. In the glare of his spotlight, the pinkish sylvinite ore bears a startling resemblance to salami.

After the Soviet Union, Saskatchewan is the world's largest producer of potash. In 1987, the province's nine mines cranked out about 10.6m tonnes of the mineral, for sale primarily to the fertiliser sector.

The province boasts an 80 per cent share of the thirsty US market and 40 per cent of overall world trade. Proven reserves would be sufficient to satisfy global demand at current levels for several hundred years.

This lofty position has been attained with some dispatch: though potash was found in the province when drilling for oil in 1942, production did not begin in earnest for 20 years.

That was principally because of the difficulties involved in sinking a mine shaft through the so-called Blairmore formation – a layer of sand and water lying at extremely high pressure 1,200 to 1,400 feet below the surface. The problem was eventually overcome with the aid of steel and concrete shaft linings.

Even today, however, the Blairmore poses a threat. In February 1987, an underground flood forced the closure of a mine owned by Potash Company of America, a subsidiary of Rio Algom. The mine has yet to resume production.

After a string of poor years, 1988 was a distinct improvement for Saskatchewan-based producers. Prices and offshore export volumes – particularly to China – soared. The overall value of Canadian potash production (including comparatively small quantities from New Brunswick) was C$1.06bn (£500m). Canpotex, the producer-owned consortium that sells nearly all Canadian potash exported offshore, shipped a record 4.7m tonnes of product.

Meanwhile, Potash Corporation of Saskatchewan, the soon-to-be-privatised company which controls about half of the province's total output, is widely expected to report 1988 profits in excess of C$100m. This is despite operating at barely 60 per cent of the company's 8.8m tonnes a year rated capacity, and follows accumulated losses since 1985 of C$173.7m.

"We have 4m tonnes of excess capacity already paid for and we are making money now," says Mr Charles Childers, the corporation's president, flashing a toothy smile.

The run of price hikes that has so improved the health of the industry dates back to September 1987, when the US Commerce Department levied dumping duties of between 9.14 and 85 per cent on Saskatchewan producers. The department claimed that they were selling at below the cost of production. The original complaint was launched by comparatively high-cost New Mexico-based companies who were being threatened with extinction by the low prices that then prevailed.

Partly motivated by the prospect of competing against local producers faced with duties much lower than the 51 per cent levied against itself, PCS responded by hiking its list price for US sales by a swingeing 60 per cent, or US$35 a tonne, while lobbying persistently for the penalties to be removed. Other producers followed suit.

The strategy, helped by support from powerful US farmers' groups, worked. In January 1988, the Commerce Department agreed to suspend its anti-dumping action. Shortly afterwards, PCS and the other Saskatchewan producers refunded to customers the initial $35 increment, while establishing a new list price of $84 a tonne – 45 per cent higher than pre-September levels.

While the new US rates have since attracted increased levels of foreign competition, offshore prices have risen sharply in response. The price of material shipped to China, for example, has gone from US$61 to US$91 a tonne over the past two years.

According to Canpotex, 1988 prices averaged "about C$15 per tonne higher" than year-earlier rates. Producer returns from offshore sales typically remain lower than those from the US, however, after freight costs are taken into account.

Industry attention has now switched to the privatisation of PCS, which Mr Grant Devine, the Saskatchewan premier, recently described as an "albatross" – notwithstanding its much-improved financial state.

According to Mr Childers, higher prices are only part of the reason behind the company's recent turnround. Lower costs, he says, have also played an important role. Since his appointment in 1987, the corporation has scythed its workforce, shortened buyers' credit terms and markedly improved inventory turnover. "We are already lean and mean," Mr Childers declares.

The company's current owner – the Provincial Government – has made a substantial contribution too by injecting equity which enabled the corporation to retire its burdensome C$662m debt. At a stroke, this released it from substantial interest payment obligations (totalling C$31.6m on long-term debt in 1987) and improved the company's attractiveness to potential buyers.

Consumers in China and India are thought to be interested in purchasing a sizeable equity stake. Mr Childers, meanwhile, has expressed ambitions to diversify – perhaps into other fertiliser ingredients – when the process is complete.

WORLD COMMODITIES PRICES

LONDON MARKETS

[illegible]

SPOT MARKETS

[illegible]

LONDON METAL EXCHANGE

[illegible]

LONDON BULLION MARKET

[illegible]

US MARKETS

[illegible]

New York

[illegible]

Chicago

[illegible]

LONDON STOCK EXCHANGE

Equities sluggish as Budget assessed

A UK Budget widely respected for its "caution and prudence" sounded the note for a similarly restrained performance from the UK stock market yesterday.

Share prices fell back as equity market analysts sounded out the prospects for UK economic growth, inflation and interest rates in the wake of the Budget measures announced on Tuesday by Mr Nigel Lawson, the UK Chancellor of the Exchequer.

However, selling was never on any great scale, and London rallied as a firm opening on Wall Street reflected some small improvement in the US trade figures for January.

Account Dealing Dates

*First Dealings:	Feb 27	Mar 13	Apr 3
Option Declarations:	Mar 9	Mar 30	Apr 13
Last Dealings:	Mar 10	Mar 31	Apr 14
Account Day:	Mar 20	Apr 10	Apr 24

*New time dealings may take place from 8.30 am two business days earlier.

Yesterday's firm performance from the pound underscored comments in London that overseas investors had been favourably impressed by the Budget emphasis on subduing inflation.

The equity market opened steadily, but quickly fell by a net 16 FT-SE points as the premium on the Footsie futures contract suddenly narrowed. London steadied on the announcement of the US trade figures, but the rally did not set in until New York equities advanced.

Insurance stocks continued to respond favourably to the Budget changes in life assurance taxation. However, brewery, tobacco and other consumer issues were uninspired.

By the close, the fall in the FT-SE Index had been reduced to only 4.2 for a final reading of 2121.2. Chart analysts predict that the Index may trade in the 2,100 — 2,200 range for a time, although "our longer term target remains 2,250", said the BZW team.

Turnover of 519.5m shares through the Seaq system, against Tuesday's 587.1m, was at the high end of recent averages, but took in a significant proportion of inter-market business.

"The equity market wanted a tight Budget and that is what the Chancellor gave it," summarised the economists at Kleinwort Benson, adding that "growth in the equity market should continue."

Some analysts, however, commented that the Chancellor's forecast of slower growth could mean a check in corporate earnings this year; the Budget's anti-inflation stance means that interest rates may stay high for the present, they added, while consumer spending remains under pressure.

Nomura Securities said equities will be "cheered" by the minimal risk of interest rate hikes and the prospect of tax cuts in the long term; W.I. Carr commented that the assurance of the overriding priority of resisting inflation was what the market wanted most. Less convinced were UBS Phillips & Drew, believing that any sign of inflation embedded above 6 per cent means trouble, and James Capel, the leading UK brokerage house, which sees little in the Budget to keep equities rising.

FINANCIAL TIMES STOCK INDICES

	Mar 15	Mar 14	Mar 13	Mar 10	Mar 9	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	88.78	88.65	88.59	88.78	88.78	90.63	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.39	99.29	99.30	99.35	99.25	97.57	99.59 (15/3/89)	94.14 (8/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1754.3	1761.1	1739.4	1724.9	1714.1	1455.9	1761.1 (14/3/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	194.6	192.2	182.1	187.8	181.5	248.8	312.5 (7/1/88)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dl. Yield	4.38	4.33	4.37	4.39	4.42	4.45				
Earning Yld %(full)	10.59	10.63	10.62	10.70	10.81	11.33				
P/E Ratio(Net)(*)	11.49	11.48	11.37	11.28	11.16	10.78				
SEAQ Bargains(5pm)	31,555	32,994	32,083	35,147	32,234	30,600				
Equity Turnover(£m)†	-	1230.32	1081.90	1422.49	1146.80	1185.31				
Equity Bargains†	-	38,563	36,930	40,599	38,984	31,886				
Shares Traded (ml)†	-	684.9	546.5	607.4	481.9	499.1				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1759.1	1748.6	1746.2	1747.1	1747.5	1747.5	1751.1	1751.7

DAY'S HIGH 1759.2 DAY'S LOW 1754.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 11.33 †Excluding intra-market business.

S.E. ACTIVITY

Indices	Mar 14	Mar 13
Gilt Edged Bargains	91.9	93.6
Equity Bargains	256.3	239.3
Equity Value	2486.5	2186.6
5-Day average		
Gilt Edged Bargains	101.3	108.7
Equity Bargains	246.7	247.7
Equity Value	2481.5	2533.8

■ London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volumes for some Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
Blue Circle	957	540	-7	Grand Met.	2,300	561	-1	P & O	992	715	-15	Tarmac	2,400	319	-6
Boots	2,300	226	-2	GUS A	418	1030	+2	Pilkington	13,000	270	+10½	Tate & Lyle	670	253	-2
British Airways	1,300	208	-4	GRE	478	217	+½	Plessey	1,000	267	+2	Tesco	1,900	158	+1½
Brit. Aerospace	4,200	538	-11	GKN	3,100	387	-1	Polly Peck Intl.	295	329	+2	Thorn EMI	987	732	+5
Brit & Comm.	582	223	+1	Guinness	3,100	441	-2	Prudential	10,000	186	+5½	Trafalgar House	1,900	386	-5
British Gas	4,700	175	-1½	Hammerson 'A'	67	799	-11	Racal	8,500	386½	+4	Trusthouse Forte	2,800	300	-½
British Land	1,000	362	-3	Hanson	9,500	187		Rank Org.	543	918	-6	Ultramar	2,500	293	+2½
BP	10,000	287	+8	Harrisons & Cros.	205	726	-2	RMC	264	666	-8	Unilever	479	554	+1
British Steel	32,000	68½		Hawker Siddeley	1,000	705	-8	RHM	737	393	-2	United Biscuits	1,900	337	-½
British Telecom	3,300	290	-3½	Hillsdown Hldgs	5,600	279		Reckitt & Colman	96	1141	-9	Utd. Newspapers	479	468	-1
Burmah Oil	821	568	+1	IMI	833	241		Redland	617	535	-8	Wellcome	896	499	+1
Burton	4,500	217	+4	Imp. Chem.	1,500	1179	-4	Reed International	405	434	-6	Whitbread 'A'	767	367	+1
Cable & Wireless	6,000	471	-11	Inchcape	832	264		Reuters 'B'	375	885	-7	Williams Hldgs.	945	286	
Cadbury Schweppes	985	357	-3	Jaguar	232	329	-4	RTZ	784	536	-5	Wimpey	1,000	303	-3
Coats Viyella	1,400	164	-1	Ladbroke	1,300	541	+1½	Rolls Royce	4,800	179	+½	Woolworth Hldgs.	3,000	275	+5

Divided views on BAe

Profit-taking took the shine off British Aerospace's generally well-received full year profits of £236m against a previous loss of £159m. The shares slipped 11 to 538p in moderate turnover.

Analysts were far from unanimous in their responses to the figures. Forecasts for the current year as low as £220m were heard, but Hoare Govett, the group's broker lifted its prediction from £285m to £300m and reinstated its buy recommendation for the stock.

Mr Piers Whitehead, analyst at Robert Fleming was a little more cautious. "Over £300m is now looking ambitious," he said, and pointed to the unforeseen £41m loss in Airbus. "It suggests the company can't sort out what its costs there are likely to be. There is a need for a revised accounting structure but it is likely to be some way off. The stock is fully valued and trading in a range between 510p and 600p." His forecast is £290m.

On the other hand, Mr John Goldschmidt at Charterhouse Tilney was more optimistic. He raised his forecast from £305m to £325m. "Military aircraft produced £195m of trading profits, a £40m advance, despite a £200m lower turnover," he said. "And the flotation of DAF, of which BAe owns 40%, should cover the £150m BAe paid for Rover Group."

BP heavily bought

Both classes of BP stock moved into top gear with heavy straight buying and the residue of recent "switching" operations lifting the "old" 8 to 287p and the "new" 7½ to 182p. Turnover was sharply higher, reaching 11m and 15m respectively, well ahead of recent levels.

Dealers said the fundamentals in the oil and gas sector were looking good with crude oil prices up a further 80 cents a barrel towards the close yesterday after news of export cutbacks by the Saudis and good news on American oil stocks.

Smith New Court were strong buyers of BP yesterday and acknowledged they had been "switching" from Shell to BP during recent sessions. Mr Steve Turner, oil company analyst at Smith, explaining the reasons for the switching, said: "We took a simple look at ratios between the two groups. The differential between the two was at its highest level for two years. BP's price relative has been at the same level as it was back in October when the oil price was some $12 a barrel. BP were obviously cheap."

But Shell rallied strongly after an initial decline, closing a fraction up on the session at 390½p, after 388p, on turnover of 4.6m.

Protective glass

Dealers were galvanised by Pilkington's announcement that it had sold a 20 per cent stake in its US subsidiary Libbey-Owens-Ford (LOF) to Nippon Sheet Glass for $235m (£137m). Some 13m shares changed hands as the price climbed 10 to 270p in a generally lacklustre market.

"An absolutely fantastic deal," said one marketmaker, a sentiment echoed by dealers and analysts alike. The price was also supported by some talk of Nippon being a potential white knight in the event of a hostile bid from the likes of BTR, which has a roughly 3 per cent stake in Pilkington.

The price tag puts an exit p/e for LOF well into the 20s. Mr Angus Ford, building analyst at County NatWest WoodMac, pointed out that the tie up would improve the chances for automotive glass sales in the UK to Japanese manufacturers such as Nissan and Toyota. He also raised the possibility of a breakthrough into Japan, especially in medical fibre optics. But he cautioned that the deal would "not make much difference to profits until 1990-91."

Trusts alert

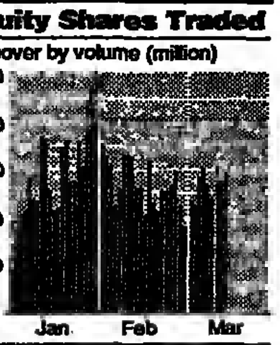
The Chancellor's acknowledgement that investment trusts are excellent introductions to share investment and his proposed changes, including the enhanced limits on Personal Equity Plans (PEPs), will help raise the sector's profile, say specialist analysts Mr Hamish Buchan and Mr Robbie Robertson at County NatWest WoodMac.

The news comes at a time when trust management groups themselves are creating initiatives to attract the private investor. But the County duo, bearing in mind the post-Budget experience of 1986 when the sector overreacted to the introduction of PEP schemes, warn that a similar development would provide a short-term selling opportunity. The sector does look technically expensive in discount terms (the average discount is 14.9 per cent), they say.

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)



Glaxo slipped 22 to 1301p as London awaited yesterday's decision by the US Food and Drug Administration's on the future of Losec, Merck's potential competitor to Zantac, Glaxo's moneyspinning anti-ulcer drug. The UK market was agog at reports that the FDA meeting had attracted a heavy turnout of Wall Street pharmaceutical analysts for what will undoubtedly prove an important milestone in the sales history for two of the world's largest drug companies.

BTR turned over a busy 7.1m shares after posting full year pre-tax profits of £819m, against £590m. The shares edged 2 ahead to 371p but the warrants fell 3 to 129p after a recent good run. "BTR produced figures near the top of expectations and look set for another year of good growth," said Mr Bruce Jones, analyst at Kitcat and Aitken.

Rapid trading in Hanson followed the announcment of moves towards a management buyout at stores subsidiary Allders. The shares closed unchanged at 187p on turnover of 9.5m.

Life assurance issues took the accolade as being the market's best performing sector after the absence of any hardline measures in the Budget. A virtually unanimous view from analysts that the sector is undervalued took share prices strongly ahead from the outset. Although well below the day's best levels at the close there were big gains across the board.

Legal & General closed 10½ higher at 348p on turnover of 5.8m ahead of the preliminary results expected today; Kleinwort Benson is forecasting pre-tax profits of £81.1m, a projected rise of 58 per cent and a 20 per cent increase in the dividend. Refuge, also reporting today, put on a like amount to 487p. Prudential rose 5½ to 185½p, turnover expanded rapidly to 10m. Sun Life climbed 20 to 985p. Commercial Union, put on 5 more to 381p on 1.8m; Adelaide Steamship's latest manoeuvre was to reduce its holding by *400,000, only days* after it had increased the stake to 11 per cent.

Hogg Robinson Gardner Mountain, the insurance broker, attracted plenty of speculative buying and put on 12 to 172p; the group's preliminary results are due on March 29 with BZW forecasting pre-tax profits of £10m against £12m and Hoare going for £10.5m.

Brewing and distillery issues were disinclined to further the previous session's late response to yet another escape from increased excise duties. *Marketmakers described trade* as slightly disappointing and most of the the majors stocks eased. Guinness attracted Far Eastern interest but slipped back to 441p, down 2, although traders believed there could eventually be further deals with French group LVMH.

Regionals had Greenall Whitley, perceived to be less of a bid target since Monday's acquisition of more (5m) shares by the Greenall family, down 7 more at 302p.

Dealers noted increased activity in building materials group Marley, one of the market's favourite bid targets. Shares picked up late and closed a shade harder at 190p. There was talk of the Aisher family's 20 per cent stake being offered to prospective buyers, and that French group Saint Gobain was running the slide rule over the company.

Ward White rose 7 to 272p with a bullish Morgan Stanley circular due for publication next week. Morgan, which has long argued that the company's parts, such as Halfords, were better than the whole, recommends the stock for its strategic value.

Woolworth moved ahead 5 to 275p in turnover of 3m with stockbrokers Panmure Gordon buying more than half a million shares. Burton had another inspired day with a rise of 4 to 217p as some 4.5m shares changed hands.

The budget turned out to be largely irrelevant for the retailers but the mood in the stores sector was subdued by the Chancellor's reluctance to lower interest rates. Dixons were a shade easier at 170p in turnover of 1.9m fuelled largely by bid speculation while Marks and Spencer lost a penny at 175p.

Cable & Wireless continued to suffer from the County NatWest and BZW downgradings, and fell 11 more to 471p; turnover of 6.1m was said by traders to have been overstated by 3m following incorrect trade reporting. Ferranti, unsettled by a downgrading undertaken by a leading Japanese house, slipped 2 to 108p. Plessey were in demand, edging ahead 2 to 267p with buying said to have been fuelled by the forthcoming analysts trip to the company's US operations.

Kode dropped 13 to 197p after disappointing figures.

Rolls Royce (steady at 179p) said it had withdrawn its request to the Government for aid on the RB211-524L engine. The *quid pro quo* is a cut in levies payable to the Government on engine sales.

Ricardo plummeted 19 to 128p as the takeover offer from First Technology failed to go through.

On the USM, Antler lifted 7 to 227p ahead of finals today and CCA Publications added 19 to 134p, a penny short of the agreed takeover price from HTV (9 lower at 116p).

Hillsdown, seen as the most exposed of the UK poultry businesses to the downturn in the industry, announced pre-tax profits for the year of £150.9m (£110.3) — at the top of the range of expectations.

The two leading exploration and production stocks, Enterprise Oil and Lasmo moved in opposite directions. The former rose strongly to close 15 higher at 589p with the market confidently expecting Elf Aquitaine, the French oil company, to disclose that it is taking up its rights to Enterprise's cash call. Lasmo, on the other hand, were friendless, retreating 9 to 452p on turnover of 1.5m; the nil paid stock dropped 10 to 77p premium.

Saatchi & Saatchi suffered from another rerating and lost 12 to 398p. Following profits *downgrading recently by two* security houses, Panmure Gordon, the brokers, yesterday published its Budget commentary and included the stock in the list of sells.

International Thomson were temporarily suspended following a trading halt on the Toronto stock exchange.

Property leaders were knocked by the Budget's gloomy outlook for interest rates. British Land eased 3 to 362p, MEPC lost 4 to 585p while *Land Securities* fell 7 to 584p in turnover of 2.2m.

Rosehaugh continued to ride the waves of bid speculation with a jump of 25 to 684p. Dealers were left scratching their heads about the company's two-day rise of 65p although one dealer believed there was no substance to any of the suggestions.

Hambros Investment Trust soon extended Tuesday's late surge on the announcement early yesterday of an approach which may lead to proposals being put to shareholders. At the close the shares were a further 21 up at 291p while the warrants were 18 higher at 118p. Hambros Advanced Technology rose 11 to 170p.

BP took most of the plaudits in traded options dealings, in the wake of the Budget, attracting 3,444 call contracts and 634 put, though this is not out of the way for a stock of its size. FT-SE 100 Index trading showed a certain volume of trading, without recovering its recent share of overall market trading, on 6,371 contracts, consisting of 4,211 calls and 2,160 puts. Overall business amounted to 46,766 contracts, comprised of 36,632 calls and 10,134 puts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 28

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (157). BRITISH FUNDS (2) AMERICANS (1) BANKS (3) Anglo Irish, Bank Ireland, Bank Scot. 9¼pc Irred. Pf., BREWERS (1) Marston Thompson, BUILDINGS (10) CRH, Douglas (R.M.), Manders, Newman-tonks, SWP, Sioroo Grp., Steetley, Ventura Plant Grp., Ward Grp., Wilson Bowden, CHEMICALS (3) Caird Grp., Halstead, Renold, ELECTRICALS (15) ENGINEERING (9) Booth Inds., Brasway, Eadie, Morris Ashby, Neill (J.), Spirax-sarco, Thyssen, Tyzack, FOODS (2) Brake Bros., Clifford "A" NV, HOTELS (1) Jarvis Hotel, INDUSTRIALS (33) ASD, AMI Health, Aberfoyle, Allied Part., Antler, Apollo Metals, Assoc. Brit. Eng., Astra AB, BAA, BSG, BTR, Beaverco, Black Arrow, Bowater, CCA Pub., Christies Int'l., Cooper (A.), Diploma, GR (Hldgs.), Gordon Russell, Halma, Hepworth, IMP Int'l., Jardine Hldgs., Jardine Strategic, Kalon Grp., Marling Ind., Metsec, PCT Grp., Pilkington, Securiguard Grp., Cy Wartelle, Worthington A.J., INSURANCE (5) Amern. Int'l. Grp., Britannic, Legal & General, LEISURE (4) Aveeco, Orient Ex. Hotels, Saga Grp., TV-am, MOTORS (1) Airflow Streamlines, NEWSPAPERS (1) Builder Grp., PAPERS (8) PROPERTY (8) Bilton (P.), Greycoat, HK Land, Marler Ests., Power Corp., SHIPPING (1) Sea Conts., TRUSTS (49) OILS (2) B.P. (PP), Premier Cons., OVERSEAS TRADERS (2) GN Great Nor., Sime Darby, MINES (1) Bond Int'l. Gold, THIRD MARKET (1) Takare.

NEW LOWS (9).

STORES (1) Sock Shop Int'l., ELECTRICALS (2) Apricot Computer, Kode Int'l., INDUSTRIALS (1) Medical Resch., INSURANCE (2) Allied Ins. Brokers, PWS Hldgs., PAPERS (1) Kleerfold Inc., TRUSTS (1) L.I.T. Hldgs., MINES (1) Paragon Res.

APPOINTMENTS

NatWest makes changes

■ Mr Brian Carte has been appointed chief executive of LOMBARD NORTH CENTRAL, finance house subsidiary of National Westminster Bank, from August 1. He succeeds Mr Byron Crittenden who is retiring. Mr Carte is managing director of NatWest Insurance Services, and will be succeeded by Mr Stuart Frost, NatWest's south-east Midlands regional executive director.

■ Mr David Boden has been appointed operations director of Mecca Social Clubs, bingo arm of MECCA LEISURE GROUP. He was director of MSC's Scottish clubs.

■ Mr Ian Latimer has been appointed sales director of INTERCOL LONDON, Islington, a specialist playing card company. He was area sales manager for Altenberg-Grimaud UK.

■ DILLONS, a member of Next, has made the following promotions. Joining the main board as directors are: Mr Jack McKnight, who remains head of the Thames Valley division; Mr David Turner becomes group development director; and Mr William Curtis becomes group buying and marketing director, he was Midlands division director. There are three new divisional directors: Ms Cynthia Bennett becomes sub post office divisional director from general manager; Mr David Quilty moves from general manager to convenience stores divisional director; and Mr James Jordan, a general manager, becomes central divisional director.

REVLON INTERNATIONAL CORPORATION has appointed Ms Aileen Taylor *(above)* as managing director Revlon UK. She was managing director of Guerlain (U.K.).

■ Mr Colin H. Bridger and Mr Richard H. Curtis have been appointed to the board of DAVY McKEE (LONDON), petroleum and chemical engineering arm of Davy Corporation. Mr Bridger rejoins the company as deputy managing director. Mr Curtis becomes engineering director - he held senior Davy positions in Australia, the US and the UK.

■ INDEX TECHNOLOGY CORPORATION, US parent of Excelerator Software Products, has appointed Mr Michael Vine as vice president, European operations, a new post. He will continue as managing director of Excelerator, a wholly-owned UK subsidiary.

■ BRITISH STEEL (INDUSTRY), northern region, has appointed Mr Jeff Blood as regional executive with special responsibility for Cleveland. From 1983 to 1986 he was managing director of Radio Tees.

■ Three brothers have been appointed to the board of F. COPSON: Mr Satish Chatwani becomes chairman and chief executive; Mr Jawahar Chatwani becomes managing director - hotels; and Mr Rashmi Chatwani becomes commercial director.

■ WYEVALE GARDEN CENTRES has appointed Mr Christopher Powell as chairman. He succeeds Mr Bill Wyman who retires at the annual meeting on April 12.

■ Mrs Christine Ridgeon has been appointed chairman of WILLIAM SINDALL. Mr H.D.R. Ridgeon, chairman since the company's formation, becomes life president and a non-executive director. Mr F.A. Ridgeon is also a non-executive director. Mr J.C.S. Mott, chairman of May Gurney Holdings, and formerly chairman and chief executive of French Kier Holdings, has been appointed a non-executive director.

■ Mr Ian Mackenzie has been appointed chief executive of FABER PREST. Mr Richard Prest, who has reduced his operational responsibilities, continues as chairman.

■ R.P. CARTER (SHOPFITTERS) has appointed Mr Neil Carter as managing director and Mr Trevor Emblem as a director.

HOLGRAN, part of the cereals division of Ranks Hovis, has appointed Mr Alan Marson *(above)* as commercial director. He was general manager (operations and sales) for maltings and cereal processing plant.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Buckmaster Mangmt Co Ltd (1200)H
The Stock Exchange, London EC2P 2JT 01-588 2868

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Grth	5	66.75	00.46	72.64	+0.20	1.43
(Accum Units)	5	67.71	69.44	73.68	+0.28	1.43
Fellowship Tst	5	64.71	64.77	68.43	.....	1.07
(Accum Units)	5	65.96	65.96	69.75	.....	1.87
General Inc	5	308.20	315.7	335.0	.....	2.26
(Accum Units)	5	512.6	525.2	557.2	.....	2.26
Income	5	158.1	163.4	173.4	+0.2	3.66
(Accum Units)	5	302.7	312.3	331.3	+0.4	3.66
International	5	115.9	115.9	122.6	.....	3.04
(Accum Units)	5	158.1	158.7	167.2		3.04
Smaller Co's	5	112.1	114.9	121.9	+0.3	0.96
(Accum Units)	5	122.6	125.7	133.4	+0.4	0.95
Inc Portfolio	2½	54.07	55.00	57.73	.....	3.48
(Accum Units)	2½	55.40	57.01	58.77	.....	3.45
High Income Port	3	48.61	49.06	50.84	.....	6.50

Abbey Unit Tst Mngrs (1200)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	47.14	47.14	50.42	-0.34	5.43
Gilts & Fixed Inc	6	112.80	112.80	119.80	+0.4	8.35
High Inc Equity	6	132.60	135.80	144.40	+0.4	6.12
Worldwide Bond	6	186.10	186.10	197.35	-1.1	4.92
Capital Growth						
American Growth	5	161.10	163.00	173.40	-0.6	1.26
Asian Pacific	6	84.61	86.37	91.88	-0.76	1.10
Assets & Earnings	6	160.70	164.00	175.00	-0.8	2.26
Capital Reserve Acc	0	83.17	83.77	83.70	+0.01	4.77
Comdty & Energy	6	96.59	96.59	103.40	-1.2	0.00
1992 Enterprise	6	55.00	55.10	59.60	-0.28	3.02
European Capital	6	77.47	77.47	82.00	+0.9	0.91
General	6	173.80	171.00	185.90	-1.0	2.97
Japan	6	103.70	105.40	112.10	+0.2	0.00
Mastertrust	6	80.40	80.40	80.99	-0.05	1.71
UK Growth Acc	6	201.10	209.40	222.70	+0.6	1.53
UK Growth Dist	6	135.00	140.60	149.35	+0.4	2.28
US Emerging Cos	6	46.00	48.19	51.26	-0.38	0.00
Income & Growth	6	292.50	299.00	318.00	-1.1	2.00
Ethical	6	48.61	44.78	52.95	-0.09	2.36

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

هكذا اصل الأصل

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Windsor Trust Mngrs Ltd

Wright Seligman Fund Mngrs Ltd

The Yorkshire Unit Tst Mngrs Ltd

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Pioneer Mutual Insurance Co Ltd

16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fund	297.1	312.8	+5.5	—
Mar Pens Int & Cap Fd	391.1	411.7	+9.1	—
Money Fund	117.7	123.9	+0.1	—
Pens Mngd Fd (Init)	103.4	108.9	+2.1	—
Pens Mngd Fd (Acc)	123.5	130.0	+2.6	—
Pens FT30 Fd (Init)	147.5	155.3	+3.9	—
Pens FT30 Fd (Acc)	176.2	185.5	+4.6	—
Pens O'seas MgF (Init)	73.4	77.5	+1.0	—
Pens O'seas MgF (Acc)	87.7	92.4	+1.5	—
Pens Fxd Int Fd (Init)	105.5	110.9	−0.5	—
Pens Fxd Int Fd (Acc)	125.7	132.4	−0.5	—
Pens Deposit Fd (Init)	103.7	109.2	+0.1	—
Pens Deposit Fd (Acc)	123.9	130.3	+0.5	—

Premium Life Assurance Co Ltd

37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	104.0	115.0	+1.0	—
Building Soc. Fd	168.0	177.0	.....	—
Balanced	276.0	291.0	.....	—
Deposit	168.0	177.0	.....	—
European	150.0	160.0	−1.0	—
G7 Managed	175.0	185.0	.....	—
Gartmore Mngd.	111.0	117.0	−1.0	—
German	105.0	131.0	.....	—
Gilt	177.0	187.0	.....	—
Global	48.0	51.0	.....	—
High Inc	114.0	120.0	.....	—
International Equity	181.0	191.0	.....	—
Japan	236.0	249.0	+2.0	—
Managed	63.0	67.0	.....	—
Property	276.0	291.0	.....	—
G W Imperial Gold	129.0	136.0	.....	—
Gilt Equity	376.0	396.0	.....	—
Pension Funds				
American	136.0	144.0	.....	—
Building Soc. Fd	166.0	175.0	.....	—
Balanced	212.0	224.0	.....	—
Deposit	159.0	168.0	.....	—
European	154.0	163.0	.....	—
German	95.0	100.0	.....	—
Gilt	147.0	155.0	.....	—
International Equity	133.0	140.0	.....	—
Japan	136.0	144.0	.....	—
Managed	63.0	67.0	.....	—
Property	213.0	225.0	.....	—
UK Equity	331.0	349.0	.....	—

Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4BE 0539 33733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Balanced Grth Mngd	569.7	600.4	.....	—
Adventurous Mngd.	118.8	125.6	.....	—
Secure Mngd	107.2	113.0	.....	—
Cash Fd	228.7	241.0	.....	—

Prudential Holborn Pensions Ltd

30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	543.4	572.0	+7.2	—
Equity	797.6	839.6	+15.0	—
Global Equity	216.0	227.4	+2.2	—
Fixed Interest	400.7	421.8	+0.1	—
Property	377.3	397.2	+0.1	—
Cash	151.8	159.8	+0.1	—
Index Linked Gilt	196.5	206.9	−0.0	—
Guaranteed	12.18		+0.18	—
International Money	195.6	205.9	+0.1	—
North American	59.4	62.6	+0.4	—
Japanese	130.9	137.8	−0.4	—
European	81.1	85.4	+0.6	—
Special Situations	119.3	125.6	+1.3	—
Communications	95.0	100.0	+0.5	—
Smaller Companies	108.8	114.6	+0.5	—
International Small Cos	116.9	123.1	+0.4	—

Prudential Pensions Limited

Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or −	Yield Gross
Discretionary Mar 8	£147.84	152.96	.....	—
Equity Mar 8	£163.15	169.09	.....	—
International Mar 8	£23.61	24.35	.....	—
Intl Bond Mar 8	£11.08	11.23	.....	—
Fixed Int Mar 8	£71.40	72.86	.....	—
Index Linked Mar 8	£60.50	61.26	.....	—
Property Mar 8	£104.15	110.41	.....	—
Cash Mar 8	£20.2250	20.2250	.....	—
Pru-Linked Retirement Plan				
Managed Mar 13	372.3	387.9	+3.8	—
Cash Mar 15	140.8	198.8	+0.5	—
Prudential Pensions Investment Account				
Pens Mngd Mar 15	152.7	160.8	+2.5	—
Pens UK Eq Mar 15	297.5	313.2	+6.6	—
Pens Intl Mar 15	170.2	179.2	+1.0	—
Pens Fixed Mar 15	165.0	173.7	−0.2	—
Pens Index Lk Mar 15	155.0	163.2	+0.6	—
Pens Cash Mar 15	124.6	131.2	+0.5	—

Regency Life Assurance Co Ltd

Regency Hse, Lanark Sq, London E14 9SS 01-538 8800

	Bid Price	Offer Price	+ or −	Yield Gross
Aggressive Ptflo Fd	115.3	121.3	−0.3	—
Balanced Ptflo Fd	304.6	320.6	−0.6	—
Cautious Ptflo Fd	120.7	127.0	+0.1	—
Elite Fund	107.5	113.1	−0.1	—
European Fund	74.3	78.2	−0.1	—
Far East Fund	105.6	111.1	+1.0	—
Fixed Interest Fund	245.1	257.9	+1.2	—
International Fund	241.9	254.6	+0.1	—
Money Fund	173.4	182.5	.....	—
N American Fd	103.0	108.4	−0.8	—
Property Fund	409.4	430.9	−0.2	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (**)

JERSEY (SIB RECOGNISED)

هكذا اصل الأصل

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1988:106.6 and for January 1989:111.0

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

CANADIANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	130p	♦ABM Gold Corp ‖	139p	......	–	–	–
32p	4½p	♦Abbot Energy Corp.	17p	......	–	–	–
14¼	882p	♦Amer. Barrick Res.	12¾	–⅛	–	–	–
10p	2½p	♦Amer. Lightwave ‖	2½p	......	–	–	–
47p	7½p	♦Armeno	18½p	......	–	–	–
125p	83p	♦Asiamerica ‖	108p	......	–	–	–
76p	23p	♦Augmitto Expln.	27½p	–1	–	–	–
14¾	10½	Bk Montreal ‖	13½	–⅛	$2.12	–	7.3
769p	514p	Bk Nova Scot ‖	731p	......	84c	–	5.5
18¾	13¼	BCE ‖	18	......	$2.44	–	6.5
723p	527p	♦Bow Valley ‖	721p	+8	♦40c	–	2.7
14¼	10½	♦Brascan ‖	13¼	......	88c	–	3.2
328p	177p	♦Breakwater Res.	231p	......	10c	–	2.3
13¼	801p	Can Imp Bank ‖	13½	–⅛	$1.16	–	4.2
12¼	841p	Can Pacific ‖	11¼	–⅛	76c	–	3.2
41½	38½	Do 4pc Deb £100	38½	......	4%	–	10.4
515p	357p	Central Capital "A" ‖	439p	......	–	–	–
485p	313p	♦Corona Corp.	411p	–22	–	–	–
886p	228p	♦Cons TVX Min.	352p	......	–	–	–
371p	20p	♦Danbas Mem. Syst ‖	20½p	......	–	–	–
686p	430p	♦Derlan Inds. ‖	607p	+6	11.75c	–	0.9
14¼	746p	♦Echo Bay Mines.	918p	–22	$0.07	–	0.4
839p	349p	♦ECD Corp ‖	425p	–5	–	–	–
40p	9½p	♦Energex Minerals ‖	13½p	......	–	–	–
386p	196p	♦Galactic Resources	221p	......	–	–	–
423p	267p	Gandalf Techs. Inc.	287p	+13	–	–	–
125p	34p	♦Geodome Res.	36½p	......	–	–	–
394p	141p	Granges Expln ‖	152½p	–½	–	–	–
27½p	4½p	♦GI Pacific Res.	23½p	–3	–	–	–
903p	576p	♦Gulf Canada ‖	739p	–17	52c	–	3.4
12¼	816p	♦Hawker Sid Can ‖	12	+⅛	$1.08	–	4.3
590p	344p	♦Henlys Group	500p	......	–	–	–
12½	785p	♦Hudson's Bay ‖	12½	......	60c	–	2.3
28¼	20¼	♦Imperial Oil ‖	28	+¼	$1.80	–	3.3
20¾	10½	Inco ‖	17½	–⅛	$$0.80	–	2.7
718p	462p	♦Inland Nat. Gas $1	634p	......	60c	–	4.5
250p	100p	♦Madeleine Mines	145½p	–3	–	–	–
207p	126p	♦Muscocho Expln.	183p	–2	–	–	–
245p	85½p	♦Nevada Goldfields	110p	–7	–	–	–
12¼	787p	♦Rio Algom	11½	–½	$1.30	–	5.6
19⅞	11½	Royal Bk Can ‖	19¼	–⅛	$2.20	–	5.5
40⅞	26½	Seagram ‖	39⅛	......	US$1.40	–	2.1
361p	74½p	♦Sonora Gold Corp ‖	104½p	+2½	–	–	–
121p	16p	♦Spiral Eng ‖	72½p	–3	–	–	–
150p	35p	♦Tam Pure Tech. Corp ‖	86½p	+4	–	–	–
19⅞	11½	Toronto-Dom. Bk. ‖	19	–⅛	$1.12	–	2.8
746p	566p	♦Trans Can Pipe	727p	+2	68c	–	4.5
205p	127p	Varity Corp ‖	163p	......	–	–	–

BANKS, HP & LEASING

1988/89 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*278	124	ANZ $A1	256	–6	s034½c	2.0	6.1	8.2
*295	180	Allied Irish	295	+2	F8.29%	3.1	5.2	10.1
£13¼	£10⅛	Algemene Fl 10	£11¼	–⅛	Q27%	1.9	6.5	–
75	56	Anglo Irish	75	+2	Q19.0%	1.2	6.0	21.4
90	64	Arbuthnot (H.) 1p	7[illegible]	......	2.0	–	3.5	–
£52½	£29¾	B'caire Cie Fr100	£46½	–½	Q10%	–	2.0	–
£40⅛	£24½	Banco Bilbao Viz.	£40½	+¼	Q35.7%	♦	3.1	♦
£38	£27½	Banco de Santander	£31½	+½	Q21%	2.4	2.4	17.1
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا اصل الأصل

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ▮ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fed sells strong dollar

THE DOLLAR traded erratically on publication of the US trade figures, but eventually met with Federal Reserve intervention to stem the currency's advance. The trade news was ambiguous, causing confusion on the foreign exchanges, and initially a little disappointment.

In early European trading the dollar was strong. It remained supported by last Friday's US employment data, suggesting the economy is strong, and by rumours that the January trade deficit would be better than recent forecasts.

The market was looking for an improvement on the previously published December trade shortfall of $10.2bn, but the deficit of $9.49bn in January did not meet with the market's mood of optimism, even though it was better than the general level of forecasts of around $10bn. The picture was further confused by an upward revision to the December trade deficit to $10.99bn, and by a sharp drop on the level of imports in January.

January imports fell by 6.9 per cent, indicating that domestic consumption is easing. This partly accounted for themarket's disappointment at the trade figures, since it is at variance with the employment trend, and does nothing to support the view that the Fed will tighten its monetary stance.

Publication of the Fed's 'Tan Book', pointing to growth in the economy at a moderate pace, renewed speculation about higher interest rates however, and finally tipped the scales in favour of the dollar.

This led to intervention by the US central bank, selling the dollar at around DM1.8690, but it had little impact, since it was not co-ordinated with other central banks. There was further selling of dollars by the Fed soon after, at DM1.8715, but this also had very limited success in slowing the advance.

The dollar closed in London at DM1.8725, compared with DM1.8580 on Tuesday. In New York about one hour after the London close the dollar remained around the DM1.8725 level.

At the London close the dollar also rose to Y130.60 from Y129.65; to SFr1.6085 from SFr1.5900; and to FFr6.3375 from FFr6.3000. On Bank of England figures the dollar's exchange rate index rose to 67.8 from 67.7.

Sterling fell nearly one cent against a strong dollar, but was otherwise strong, supported by Tuesday's UK Budget statement.

The Government's commitment to stable exchange rates is taken by the market to mean that the pound will be kept firm to combat inflationary pressure in the economy.

Mr Robin Marshall, chief economist at Chase Investment Bank in London, said: "Sterling remains the anchor of monetary policy and we can expect short term interest rate decisions to be pegged to the movements of sterling rather than M0 or nominal GDP."

The pound fell 95 points to $1.7185, but rose to DM3.2175 from DM3.2100; to Y224.50 from Y224.00; to SFr2.7650 from SFr2.7475; and to FFr10.8900 from FFr10.8650.

£ IN NEW YORK

Mar 15	Latest	Previous Close
£ Spot	1.7230-1.7240	1.7280-1.7285
1 month	0.48-0.47pm	0.44-0.41pm
3 months	1.39-1.36pm	1.16-1.11pm
12 months	3.72-3.65pm	3.15-3.05pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Mar.15	Previous
8.30	am	96.5	95.7
9.00	am	96.5	95.7
10.00	am	96.4	95.8
11.00	am	96.4	95.8
Noon		96.3	95.8
1.00	pm	96.4	95.8
2.00	pm	96.5	95.9
3.00	pm	96.4	95.9
4.00	pm	96.4	96.1

CURRENCY RATES

Mar.15	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.762056	0.647969
U.S Dollar	7	1.30563	1.11690
Canadian $	11.54	1.55918	1.33492
Austrian Sch.	4	17.1390	14.6504
Belgian Franc	7.75	51.0012	43.5900
Danish Krone	7½	9.49911	8.12045
Deutsche Mark	4	2.43644	2.08247
Neth Guilder	5.00	2.74835	2.34941
French Franc	9½	8.25615	7.05660
Italian Lira	13½	1787.21	1528.26
Japanese Yen	2½	169.297	145.399
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for Mar.14

CURRENCY MOVEMENTS

Mar.15	Bank of England Index	Morgan Guaranty Changes %
Sterling	96.4	-15.5
U.S Dollar	67.8	-10.7
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for Mar.14

OTHER CURRENCIES

Mar 15	£	$
[illegible]	[illegible]	[illegible]
U.A.E.	6.3225-6.3345	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5900	+2.67	+0.90	±1.5344
Danish Krone	7.85212	8.12045	+3.42	+1.55	±1.5404
German D-Mark	2.05853	2.08247	+1.16	-0.71	±1.0981
French Franc	6.90403	7.05660	+2.21	+0.34	±1.3674
Dutch Guilder	2.31943	2.34941	+1.29	-0.58	±1.5012
Irish Punt	0.768411	0.779852	+1.49	-0.38	±1.6684
Italian Lira	1483.58	1528.26	+3.01	+1.67	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Mar.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7180-1.7280	1.7180-1.7190	0.42-0.39cpm	2.83	1.17-1.12pm	2.67
Canada	2.0540-2.0665	2.0555-2.0565	0.27-0.15cpm	1.23	0.51-0.34pm	0.83
Netherlands	3.67¼-3.63½	3.62¼-3.63¼	2-1⅞cpm	6.41	5½-5⅛pm	6.00
Belgium	67.10-67.45	67.15-67.25	29-26cpm	4.91	81-77pm	4.70
Denmark	12.52-12.56½	12.54-12.56	5½-4¼orepm	4.90	14½-13⅝pm	4.46
Ireland	1.2020-1.2070	1.2055-1.2065	0.58-0.53pm	5.52	1.53-1.43pm	4.91
W. Germany	3.21-3.22¼	3.21¼-3.22	1⅞-1¾pfpm	6.76	5¼-5pm	6.37
Portugal	262.10-265.05	263.50-264.50	25-12cpm	0.84	48-42pm	0.68
Spain	199.60-200.50	199.60-199.90	36-25cpm	1.83	56-45pm	1.01
Italy	2356¼-2361¼	2359-2360	2-parlirepm	0.51	3-1pm	0.34
Norway	11.67¾-11.71¼	11.67¼-11.68¼	1⅞-1½orepm	1.67	5⅛-4½pm	1.65
France	10.87¾-10.90	10.88½-10.89½	4-3⅞cpm	4.34	11¼-10¼pm	4.02
Sweden	10.99¾-11.01½	10.99¾-11.00¾	1⅞-1½orepm	1.84	5-4½pm	1.70
Japan	224-225	224-225	1⅝-1½ypm	8.35	4⅝-4½pm	8.24
Austria	22.56-22.63	22.59-22.62	12⅝-11¼gropm	6.47	37¼-31⅞pm	6.12
Switzerland	2.75-2.77	2.76-2.77	1¾-1⅝cpm	7.32	5-4⅞pm	7.14

Belgian rate is convertible francs. Financial franc 67.30-67.40. Six-month forward dollar 1.94-1.89cpm 12 months 2.98-2.88cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7180-1.7280	1.7180-1.7190	0.42-0.39cpm	2.83	1.17-1.12pm	2.67
Ireland†	1.4275-1.4350	1.4275-1.4285	0.32-0.37cdis	-2.89	0.86-0.96dis	-2.54
Canada	1.1925-1.1960	1.1940-1.1950	0.14-0.18cdis	-1.16	0.52-0.58dis	-1.84
Netherlands	2.0980-2.1120	2.1110-2.1120	0.64-0.61cpm	3.57	1.81-1.77pm	3.41
Belgium	38.90-39.15	39.05-39.15	7.50-6.50cpm	2.15	21.00-19.00pm	2.05
Denmark	7.24½-7.30¼	7.29¼-7.30¼	1.35-1.10orepm	2.02	3.55-3.25pm	1.87
W. Germany	1.8585-1.8730	1.8720-1.8730	0.65-0.62pfpm	4.09	1.80-1.75pm	3.81
Portugal	153½-154¼	153¼-154	22-42cdis	-2.50	75-125dis	-2.61
Spain	115.70-116.35	116.25-116.35	8-11cdis	-0.98	46-51dis	-1.67
Italy	1364½-1373¼	1372¾-1373¼	2.00-2.50liredis	-1.98	7.20-7.70dis	-2.18
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.25-39.35.

EURO-CURRENCY INTEREST RATES

Mar.15	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 10⅛-10⅜ per cent; three years 10⅛-10⅜ per cent; four years 10⅛-10⅜ per cent; five years 10⅛-10⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar 15	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000. French Fr. per 10. Lira per 1,000. Belgian Fr. per 100.

FINANCIAL FUTURES

Bullish tone continues

FINANCIAL FUTURES prices adopted a firmer tone in the Liffe market yesterday. Sterling based instruments continued to draw strength from a favourable reaction to the Budget, with investors encouraged by the firm stance against inflation being adopted by the authorities. Sterling's steady improvement also added to the bullish feel.

However, values finished below their best levels. The June price touched a high of 87.25 before finishing at 87.21, up from 87.16 at the opening.

US Treasury bond futures rose in response to a firmer dollar and news of a contraction in the US trade deficit in January. But values finished below their best levels after reports that the US economy continues to grow at a moderately strong rate. The US Federal Reserve added that there are signs of upward pressure on material and product prices.

Against this background, the June Treasury bond price came back from a high of 88-21 to finish at 88-14, although this was still well up from 88-07 at the opening and 88-03 at the close on Tuesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
95	342	429	10	7
96	250	336	18	14
97	201	248	33	26
98	123	202	55	44
99	54	128	122	106
100	34	200	202	242
101	19	153	251	316

Estimated volume total, Calls 2409 Puts 2007
Previous day's open int. Calls 20829 Puts 12807

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
82	637	663	9	31
84	445	521	17	53
86	301	354	37	122
88	141	242	113	210
90	48	147	220	315
92	19	104	355	436
94	7	42	543	610

Estimated volume total, Calls 150 Puts 220
Previous day's open int. Calls 1356 Puts 1670

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Puts-settlements Mar
20000	1275	0
20500	782	7
21000	348	73
21500	90	315
22000	—	—
22500	—	—
23000	—	—

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 0

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Apr	Calls-settlements May	Puts-settlements Apr	Puts-settlements May
155	—	—	—	—
160	1235	1235	0	0
165	735	735	10	49
170	293	348	95	184
175	67	127	369	463
180	7	33	809	869
185	0	6	1302	1342

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 48 Puts 1600

LIFFE EURODOLLAR OPTIONS
£1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
8850	93	100	5	18
8875	72	82	9	25
8900	53	65	15	33
8925	37	51	24	44
8950	23	38	35	56
8975	14	28	51	71
9000	8	19	70	87

Estimated volume total, Calls 40 Puts 45
Previous day's open int. Calls 2739 Puts 3821

LIFFE SHORT STERLING

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8625	75	103	0	7
8650	50	82	0	11
8675	25	62	0	16
8700	0	45	0	24
8725	0	32	25	36
8750	0	20	50	49
8775	0	13	75	67

Estimated volume total, Calls 1831 Puts 1547
Previous day's open int. Calls 30096 Puts 26581

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
1.700	3.09	3.60	4.35	5.51	0.93	1.71	2.70	4.46
1.725	1.70	2.22	2.80	4.29	1.93	2.76	3.92	5.73
1.750	0.80	1.36	2.07	3.29	3.46	4.30	5.42	7.18
1.775	0.29	0.73	1.37	2.49	5.44	6.14	7.27	8.79
1.800	0.08	0.34	0.85	1.89	7.69	8.22	9.08	10.53
1.825	-	0.12	0.48	1.36	10.07	10.47	11.17	12.41
1.850	0.01	0.05	0.22	0.96	12.51	12.81	13.38	14.40

Previous day's open int: Calls 203,373 Puts 256,572 (All currencies)
Previous day's volume: Calls 23,685 Puts 10,540 (All currencies)

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
1.650	-	-	10.60	16.45	-	-	7.95	5.60
1.700	1.60	6.90	3.95	12.45	2.00	2.50	3.70	5.58
1.750	1.20	1.60	2.00	4.65	3.70	5.35	6.75	7.70
1.800	1.15	2.20	0.95	2.15	4.45	9.20	10.40	10.85
1.850	1.10	0.75	0.65	1.20	10.40	13.70	14.70	11.95
1.900	-	-	2.20	2.00	-	-	14.30	12.90
1.950	-	-	0.60	-	-	-	20.40	-

Estimated volume total, Calls NA Puts N/A
Previous day's open int: Calls 151 Puts 131

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	96-30	97-06	97-01	96-26
Jun	98-16	98-28	98-16	98-12

Estimated Volume 15336 (7320)
Previous day's open int. 22727 (21545)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

US TREASURY BOND 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

6% NOTIONAL GERMAN GOVT. BOND
DM 250,000 100ths of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND-$ FOREIGN EXCHANGE

[illegible]	[illegible]
[illegible]	[illegible]

IMM-STERLING $ per £

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	88-14	88-18	88-06	88-05
Jun	88-14	88-18	88-04	88-05
Sep	88-13	88-18	88-08	88-08
Dec	88-14	88-19	88-14	88-10
Mar	88-14	88-14	88-11	88-10
Jun	88-11	88-11	88-11	88-08
Sep	-	-	-	88-04
Dec	-	-	-	87-31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Jun	0.7791	0.7806	0.7780	0.7818
Sep	0.7902	0.7913	0.7895	0.7925
Dec	0.8005	-	0.8005	0.8026
Mar	0.8110	-	0.8110	0.8130

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	0.5427
[illegible]	[illegible]	[illegible]	[illegible]	0.5475
[illegible]	[illegible]	[illegible]	[illegible]	0.5519

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	89.30
[illegible]	[illegible]	[illegible]	[illegible]	89.27
[illegible]	[illegible]	[illegible]	[illegible]	89.41
[illegible]	[illegible]	[illegible]	[illegible]	89.79
[illegible]	[illegible]	[illegible]	[illegible]	90.04
[illegible]	[illegible]	[illegible]	[illegible]	90.21
[illegible]	[illegible]	[illegible]	[illegible]	90.22
[illegible]	[illegible]	[illegible]	[illegible]	90.33

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	295.15
[illegible]	[illegible]	[illegible]	[illegible]	299.00
[illegible]	[illegible]	[illegible]	[illegible]	303.25

BASE LENDING RATES

	%		%		%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

UK rates firmer

UK INTEREST rates were slightly firmer where changed in London yesterday. Rates were marked up at the start as traders viewed the initial softer trend after the Budget as being slightly overdone. The pound's continued strength saw some of the period rates finish below their highs but the general undertone retained a firmer feel.

While UK base rates are not expected to move in the short term on domestic considerations, there are fears that higher rates elsewhere, possibly in West Germany or the US, could exert upward pressure on UK rates. Without this pressure, most analysts are looking for at least one reduction in UK base rates before the end of the year.

UK clearing bank base lending rate
13 per cent
from November 25

The key three-month interbank rate was quoted at 13-12⅞ per cent, unchanged from Tuesday while the one year rate ended at 12⅞-12¾ per cent from 12⅞-12¾ per cent.

The Bank of England forecast a shortage of around £1,450m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £300m. Exchequer transactions drained a further £1,070m, and there was a rise in the note circulation of £110m. These were partly offset by banks' balances brought forward £50m above target.

To help alleviate the shortage, the Bank offered an early round of assistance, and this comprised outright purchases of £1m of Treasury bills and £277m of eligible bank bills in band 1 and £2m of eligible bank bills in band 2, all at unchanged rates. It also arranged sale and repurchase agreements on £193m of bills at 12⅞ per cent, unwinding on March 28.

The forecast was revised to a shortage of around £1,400m, and the Bank gave additional assistance in the morning of £99m through purchases of £78m of eligible bank bills in band 1 and £1m in band 2. Further sale and repurchase agreements were made on £20m of bills on the same terms as earlier.

A further revision took the forecast to a shortage of £1,300m, and assistance by the authorities in the afternoon came to £512m through purchases of £444m of eligible bank bills in band 1 and £68m in band 2. Late help came to £330m, making a total of £1,414m.

In Frankfurt, the Bundesbank injected a net DM3.9bn of liquidity through its latest sale and repurchase agreement, replacing a maturing facility of DM11.6bn with fresh funds of DM15.5bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar 15) 3 months US dollars		6 months US Dollars	
bid [illegible]	offer [illegible]	bid [illegible]	offer [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

[illegible]	[illegible]	[illegible]	[illegible]

Mar 15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Mar.15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 12⅞ per cent; three months 12⅞ per cent. [illegible]

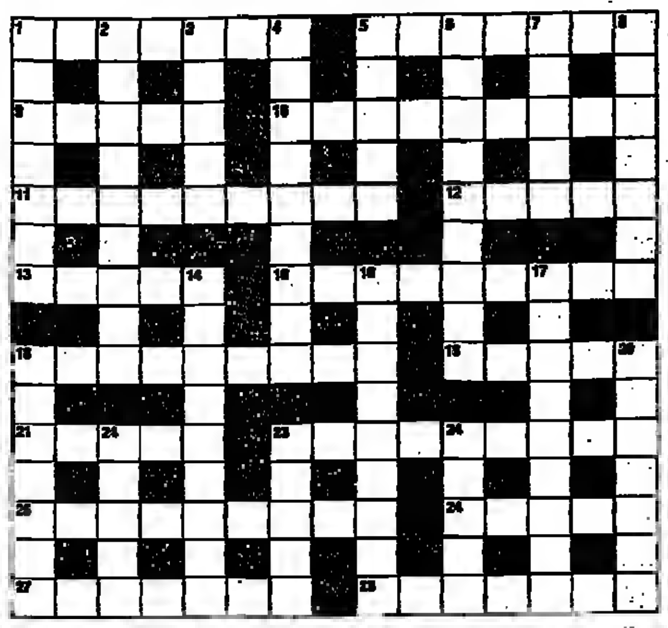
EUROPEAN OPTIONS EXCHANGE

Series							Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: [illegible]
A=Ask B=Bid C=Call P=Put

CROSSWORD

No.6,886 Set by PROTEUS



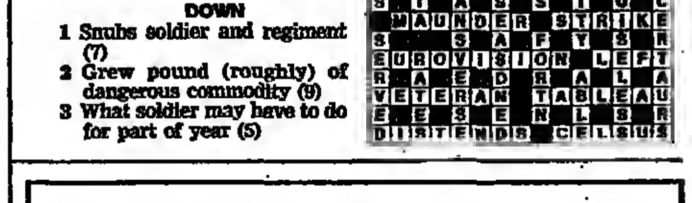
ACROSS

1 Administration starting new system of government (7)
5 Race official's jumper (7)
6 Good French queen's howler (5)
10 Renegades go round coast perhaps (9)
11 Trick writer into being recklessly brave (9)
12 Horticultural feature seen in Chinese palaces (5)
13 Dunderhead found in Irishman's chair (5)
15 Fifty-one told off to be released (9)
18 Day-porter described in paint or words (9)
19 Vegetables said to be popular with journalists? (5)
21 Where conflict may occur at particular point in locality (5)
23 One more certain to put rate reform first (9)
25 Show Mike had to direct (3,6)
26 Where film actors should be at start (5)
27 Is remedy to change gear? (7)
28 Makes attestations of French attitudes (7)

DOWN

1 Snubs soldier and regiment (7)
2 Grew pound (roughly) of dangerous commodity (9)
3 What soldier may have to do for part of year (5)
4 Sick aunt at mass meeting as a matter of course (9)
5 Way man may leave the straight and narrow (5)
6 Like poetic voices foretelling armed conflict on "clean" star? (9)
7 Walk on to cargo boat (5)
8 Took stock and made little noise about it (7)
14 Story about island model I have to abridge (9)
16 Inefficient supporter running-up well behind leader (3,6)
17 They speculate while others sit around (9)
18 Idle talk about plate or dish (7)
20 Goblins troubling priests (7)
22 Someone men don't put right (5)
23 Return of fashionable vehicles (5)
24 Way duck goes to work on incline (5)

Solution to Puzzle No.6,885



JOTTER PAD

هكذا اصل الأصل

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY

ITALY (continued)

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

SINGAPORE

CANADA

TORONTO

2pm prices March 15

INDICES

NEW YORK

DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Fst Intr Bk	4,010,100	45⅝	+ ⅛	AT&T	1,474,100	31¼	+ ⅛
BCE	2,028,900	30⅞	—	SmithKline	1,333,000	52⅝	+ 1⅛
Hospital Corp	1,810,800	49⅛	+ ⅛	Sea Containers	1,194,300	44½	+ 8½
Pac G&E	1,656,200	17⅛	+ ⅛	Citicorp	1,192,800	26⅝	+ ⅜
Philip Morris	1,554,900	118¼	− ½	IBM	1,169,900	117⅞	− 1

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

§ Subject to official recalculation. † 1989 High & Low.

TOKYO – Most Active Stocks

Wednesday 15 March 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsui Eng & Shipbldg	68.2m	695	+33	NKK	28.9m	928	+18
Kumagai Gumi	58.2m	1,720	+40	Kawasaki Kisen	24.0m	656	+28
Nippon Steel	34.2m	930	+16	Hitachi Metal	22.4m	1,490	+60
Sanyo Special Steel	28.6m	1,330	+100	Taisei	21.8m	1,800	uch
Fujita	26.5m	1,990	uch	Toshiba	20.8m	1,220	+40

3pm prices March 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
28⅞	21¼	AAR	.44	1.6	19	41	27⅞	27¼	27¼	– ⅛
12⅛	8⅛	ACM e	1.31	12.		99	8⅞	9⅛	9⅛	– ⅛
12	10¼	ACMIn	1.26e	12.		537	10¾	10⅝	10¾	
10⅛	8½	ACM M	e1.01	12.		65	8⅞	8¾	8¾	– ⅛
17	10⅛	ACM Se	1.26	12.		680	10¾	10½	10½	– ⅛
10⅛	8½	ACMSp n	.85e	9.6		295	9	8¾	8⅞	– ⅛
5⅛	2⅞	AMCA	.12e	3.1		309	4	3⅞	3⅞	– ⅛
6⅛	3¼	AM Int				4309	5⅞	5⅞	5⅞	+ ⅛
25⅛	18⅛	AM Int pf	2	8.7		88	23	22¾	23	+ ¼
62¼	39	AMR			6	943	60⅛	59⅛	59⅞	+ ⅛
8½	4⅞	ARX				68	8	4⅞	8	– ⅛
47½	20¾	ASA	3a	7.2		530	42⅛	41⅝	41⅞	– ⅛
32¼	14¾	AVX	.24	1.3	9	68	17⅞	17⅞	17⅞	– ⅛
52¾	42⅞	AbtLab	1.40	3.6	10	3666	u53¼	52⅞	53¼	+ ¾
20⅛	15⅛	Abitibi g	1			11	12½	10½	16½	
13⅞	7½	AcmeC	.40	5.8		45	10½	10¼	10½	+ ¼
8⅛	5⅞	AcmeE	.32	4.6	25	47	7⅛	7⅛	7⅛	
39⅞	30¼	Acush			20	601	27⅞	27⅞	27⅞	+ ⅛
10⅞	14½	AdaEx	1.82e	12.		83	14⅞	14⅛	14⅛	
16⅞	7⅛	AMD			10	1030	8⅛	8⅛	8⅛	– ⅛
42½	20⅛	AMD pf	3	9.4		13	32	31¼	31¼	– ⅛
8½	6½	Adobe				1	7⅛	7⅛	7⅛	
9⅞	5⅞	Advest	.12	1.7	13	364	7¼	7⅛	7¼	+ ⅛
52⅞	39⅞	AetnLf	2.16	5.6	8	1095	52	49¼	50	+ ¼
44½	24	AhPb s	.22	.5		465	44	43⅞	42½	
18⅛	13⅛	Ahmans	.88	5.2	9	3579	17⅛	16⅞	17	+ ⅛
4⅞	2	Aileen			18	10	5⅛	3⅛	3⅛	
53⅞	37¼	AirPrd	1.20	2.6	11	1565	44⅛	43½	43⅞	– ⅛
24	15½	AirbFrt	.60	2.6	25	82	23¾	23	23	– ⅛
20	11⅛	Airgas			11	23	17½	17⅛	17½	+ ⅛
20½	17¾	Airlease	2.40	12.	8	81	20⅛	16⅞	20	
8⅞	8⅛	AlaP	dpf.87	10		68	9⅞	8¼	9¼	– ¼
88	79½	AlaP pf	8.28	10.		z110	83	83	83	– ⅛

Continued on Page 49

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX COMPOSITE PRICES

3pm prices March 15

Stock	Div.	E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, 3pm prices March 15

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICA

Dow rises after trade deficit report

Wall Street

NEWS OF a narrower-than-expected US trade deficit in January prompted modest price rallies by both equity and bond markets and by the dollar, but there was still considerable caution before tomorrow's producer prices report, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was quoted 5.89 points higher at 2,312.14 on volume of 94m shares.

The Commerce Department said that the seasonally adjusted trade deficit had dropped to $9.49bn in January from a revised $10.99bn in December. The December shortfall had previously been reported as $10.23bn.

Taking the January figures and the December upward revision together, the trade data do not appear to signal any significant improvement in trends. However, financial markets reacted positively both to a 4.3 per cent fall in exports and a 6.9 per cent fall in imports.

The decline in exports, they argued, indicated a slowdown in the manufacturing sector, which would ease current pressure on capacity and, therefore, prices. The fall in imports could provide evidence of a weakening in consumer demand. Both these, they argued, pointed to less upward pressure on interest rates.

However, it is rare that one month's trade release reveals anything meaningful about longer term trends. The dollar rose quite sharply in an immediate reaction to the data but then failed to make any further progress.

Financial markets still have to absorb a lot of economic data this week, with today's February industrial production and capacity utilisation as well as tomorrow's producer prices index (PPI). It was the 1.1 per cent jump in the PPI in January which last prompted the US Federal Reserve to tighten monetary policy.

While bond analysts have been pointing to favourable technical factors as a significant element in underpinning bond prices, the technical position of the equity market does not appear to be as positive.

Mr Newton Zinder, technical equity analyst at Shearson Lehman Hutton, pointed to the worrying sign that the Dow Jones Transportation Average has been performing poorly this week. It even dropped on Monday, when the Dow Jones Industrial Average rose by more than 25 points.

The breadth of market activity this week has been narrow and volume low. This can partly be explained by caution in anticipation of the technical gyrations associated with the expiry of stock index futures and options contracts and individual options tomorrow. It is not, however, a positive sign for technicians.

The bond market does not seem to have been reacting much to steadily rising crude oil prices, but oil stocks have started to respond favourably. At midsession, Chevron stood $⅝ higher at $53⅝. Mobil rose $⅝ to $50⅛ and Texaco climbed $⅝ to $53¼.

Among featured individual stocks, SSMC jumped $1¼ to $34⅝ on news that the investor group led by Malaysian investor Mr Vincent Tan had raised its offer by $4 a share to $37, but was seeking to buy fewer shares.

Farah, the jeans manufacturer, rose $1⅛ to $11⅞ after the company said that it had received a takeover offer from Salant worth $11 a share and a $27m bid for its Generra Sportswear subsidiary from its managers.

In over-the-counter trading, Precision Castparts shed $2⅛ to $30⅝ after Sequa said that it had sold the 539,000 common shares in the company it had bought earlier this year.

Mesa L.P. dropped $⅛ to $11⅛. The partnership said that it planned to cut its quarterly distribution by 25 per cent because of weak natural gas prices.

Dynascan added $1⅛ to $10⅛ after a buy recommendation was given by a Wall Street broker.

Canada

ENERGY issues advanced strongly in Toronto, reflecting another sharp rise in oil prices, but most gold and mining stocks fell, leaving the market mixed at midsession in fairly thin trading.

The composite index increased by 3.5 points to 3,628.3 on volume of 9m shares. Declining issues led gaining shares by 251 to 228.

The market continued to trade hesitantly amid concern about Canadian interest rates.

In the oil sector, Imperial Oil rose C$⅜ to C$54⅞ and Amoco Canada gained C$⅞ to C$100⅛, while, in golds, Placer Dome lost C$⅛ to C$16⅞.

Property tonic revives Singapore

The market has surged to post-crash peaks, writes Alison Maitland

THE SINGAPORE stock market has burst back to life in spectacular fashion.

After languishing below the 1,150 level since mid-February, the Straits Times industrial index has suddenly started to climb in the past seven days on a wave of property speculation, reaching a new post-crash high of 1,179.91 yesterday.

Its powerful 12.94-point climb during yesterday's session took the index past its previous post-crash peak of 1,177.87, reached just over seven months ago on August 8, 1988.

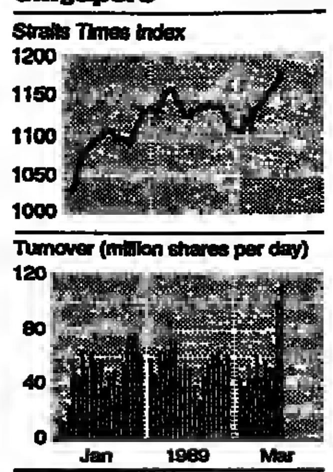
To add to the bullish picture, volume has surged in the past two days to reach its own post-crash record yesterday of 118m shares worth S$212m (US$109.4m). That compares with a daily range of 40m to 60m shares in the past month.

The main stimulus has been the proposed tender sale of the Standard Chartered building in the central business district of Singapore. With the commercial property sector buoyant, the market has been speculating that the building could go for S$1,500 per square foot or even higher. "That's blue sky compared to previous valuations," says Mr David Bates, Far East salesman with James Capel in London.

There have been no commercial property sales of this size for a long time which, together with the fact that Standard Chartered intends to lease back the building, makes it difficult for the property market to get the valuation right, he says.

That has not hindered speculators from driving up property stocks on the assumption that net asset values will be rising rapidly. Singapore Land has been a star performer, jumping 11 per cent in the past five days to S$10.10, having started the year around the S$7.40 level. The group has benefited both from the Standard Chartered sale plan and from its 32 per cent stake in Marina Centre Holdings, which has a development of three hotels and Singapore's largest shopping complex.

The hotel sector has also been attracting interest, as the growth in tourism pushes up the hotel occupancy rate to 88 per cent and raises expectations that room prices will have to rise, possibly by as much as 30 per cent in the next year. Overseas Union Enterprises, which has large stakes in two leading hotels in Singapore, has seen its share price rise from about S$4.65 at the start of the year to S$7.15.



Property stocks were given an added boost by the March 3 budget, when the Government announced that the 33 per cent tax on property income and trading profits would be lowered to 16 per cent from July next year and that the existing 50 per cent rebate on the tax would be extended until then.

Foreign investors have been playing a significant part in the current rally, with US interest rising sharply in the past six weeks. Some funds are also believed to have moved out of Japan because of nervousness about the Recruit Cosmos affair.

The Singapore market keeps a close eye on Wall Street and, increasingly, on Japan. Brokers agree it remains vulnerable to upsets overseas, as well as to any pull-out by foreign investors. There is a long way to go before the index breaches its all-time high of 1,505.40, reached in the heady days of August 1987.

For the moment, however, the 1,100 level appears to be a sound base, says Mr Peter Bristowe, a director at Hoare Govett. He feels the property sector is beginning to look overbought short-term, but that an index peak of 1,300 looks attainable within the first half of the year.

At James Capel, Mr Bates believes the index could reach 1,350 in the next month or so, rising to finish the year not too far off the 1,500 level, given the strength of economic and corporate earnings growth.

EUROPE

Vibrant corporate scene aids bright performance

A WELTER of corporate news and a further easing of interest rate tensions helped leading bourses to post gains, *writes Our Markets Staff.*

FRANKFURT moved higher in active trading, buoyed by the Bundesbank's allocation of a larger than expected DM15.5bn in its latest securities repurchase pact tender, a further sign of stable interest rates.

The FAZ index edged up 1.65 to 560.41, taking it through a chart resistance level at 560, while the DAX index ended 5.25 better at 1,334.75. Volume reached DM4.03bn worth of German shares. Prices remained stable in after hours trading once the US trade figures had come out largely in line with expectations, sending the dollar up a little.

Siemens rose DM6.50 to DM538 in the day's most active trading. A number of positive factors were said to be behind the rise, including a Wall Street Journal article on a change in management thinking at Siemens, and a DM25m agreement to supply a digital switching system to the Chinese province of Shandong. Though small, this agreement could lead to bigger things, said one analyst.

Steel stocks were again favoured, with Thyssen rising DM1.70 to DM232 before tomorrow's shareholders' meeting at which it is expected to unveil good news on first quarter order and profit prospects.

Chemicals were firm after reporting higher US sales and profits. In the banking sector, Commerzbank shone with a DM3.80 rise to DM244.80 on rumours of stakebuilding.

AMSTERDAM had another busy session, with prices rising to a year's peak in volume of Fl 763m. Initial indications that turnover was low on Tuesday turned out to be wrong, with the published figure coming in at a hefty Fl 837m.

The market started well and showed little concern about, or reaction to, the US trade figures. Helped by further corporate news and speculative activity and a firm bond market, the CBS tendency index rose 1.50 to 170.6, a new high for the year.

Philips was again the most active stock with 1.12m shares traded, rising Fl 1.20 to Fl 40.30.

NMB bank was also a feature, up Fl 8.50 at Fl 242, with the rise variously attributed to the enthusiasm about its planned merger with Postbank, to a rumoured takeover bid or to its good earnings growth.

Ahrend, the office furnishings group in which Bührmann-Tetterode has built a 30 per cent stake, rose Fl 4 to Fl 244. A London house acting for Bührmann was reported to have been offering Ahrend shareholders in the UK Fl 245 per share, with a guarantee to make up the difference if a full bid was made. Bührmann was up 40 cents at Fl 64.70.

Fokker, the aircraft maker, added Fl 2.30 to Fl 42.10 following its latest order for five F.50 planes from Swiss Crossair. Norit, which is involved in air and water purification, jumped Fl 48, or 6.8 per cent, to Fl 749 on the environmentalist theme.

PARIS reversed tack after a weak opening as corporate results enticed buyers back into certain stocks, pulling the market to a higher finish.

Volumes were thought to be better than the sad FFr886m seen on Monday – the latest official figures available – but still on the low side. One analyst said: "People are still not terribly keen to buy or sell but activity has improved."

A bunch of company results is expected next week but the possibility of several rights issues is keeping a lid on gains. The CAC 40 index rose 13.62 to 1,632.62 and the OMF 50 index added 1.91 to 461.50.

Chargeurs was a feature, rising to a high of FFr1,468 before settling at FFr1,455, a day's gain of FFr44. Investors were betting that positive news would emerge along with annual results at the company's analysts' meeting taking place after the market's close yesterday. Chargeurs' airline subsidiary UTA also reported improved earnings yesterday.

Esso jumped FFr18.60, or almost 6 per cent, to FFr344.20 as the oil price reached 15-month highs, and Club Med added FFr18 to FFr538 after its good US results this week.

MILAN improved amid enthusiasm over cabinet approval of spending cuts estimated to be worth about L8,000bn. Although the cuts have to go through parliament, the fact that something concrete had emerged on the budget deficit question gave a boost to sentiment.

The Comit index rose 6.02 to 584.12 in volume estimated to be around or better than Tuesday's improved L154bn. Position-squaring on the last day of the monthly account also helped to lift prices, with particularly strong gains in banking, construction and utilities.

ZURICH was held in check by the impending release of US trade figures, due after the close, and the Crédit Suisse index added 3 to 557.2.

The insurance sector saw renewed interest with Zurich bearers climbing SFr45 to SFr4,970 and its registered stock putting on SFr60 to SFr3,930.

MADRID saw pockets of profit-taking and ended lower after two days of strong gains. The general index dropped 0.6 to 280.11, but volume was thought still to be at the improved level of recent days.

BRUSSELS was generally quiet, with zinc producer Vieille-Montagne featuring with a BFr1,000 rise to BFr13,000 after reporting a return to profit last year.

STOCKHOLM ended a cautious session slightly lower, with the Affärsvärlden index off 1.9 at 1,137.5. Saab restricted A shares added SKr3 to SKr253

SOUTH AFRICA

FURTHER gains by gold shares led Johannesburg higher, as the bullion price remained steady. Trading was wary, however, as investors concentrated on yesterday's South African budget.

In golds, Ofsil gained R2.50 to R86.50 and Vaal Reefs picked up R2 to R340.

ASIA PACIFIC

Arrival of new funds encourages sharp climb

Tokyo

A SLIGHT recovery in the external environment and a rush of new funds prompted widespread buying in Japan and sent share prices sharply higher, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average surged 376.13 to close at 32,100.48 after moving between a high of 32,102.62 and a low of 31,757.42. It was the first time since March 3 that the Nikkei had closed above 32,000.

Advances led falls by 551 to 341, while 198 issues were unchanged. Volume, at 1.19bn shares, was much higher than the 819m traded on Tuesday. The Topix index of all listed shares gained 25.26 to 2,432.77 and, in later trading in London, the ISE/Nikkei 50 index added 10.51 to 1,934.99.

With some *tokkin*, or special trust, funds already closed, the market saw an inflow of new money, which spurred active buying. Between Y110bn and Y120bn in new investment trust funds was expected to flow into the equities market yesterday and today.

The return of stability in the external environment also helped improve market sentiment. The yen strengthened against the dollar and the bond market recovered somewhat.

The high price of oil could be the next worry for the market, said Mr Nicola Salatti at UBS Phillips and Drew. But for now, he said, "optimism is still in the market."

The Nikkei's rise could be a simple technical rebound, having fallen 900 points from its peak this year of 32,452 on February 23 to a low of 31,552 on Monday. Expectations remained strong, however, that the market would see a substantial rally as more funds became available for investment.

Interest focused on construction issues, supported by expectations that government projects to improve the country's infrastructure would boost profits for several years to come.

Among the leading construction groups, those that have expertise in special fields such as tunnel-building or bridge-building have been most popular, as the new highways and train lines are expected to require considerable technological know-how.

One such company is Kumagai Gumi, second most actively traded yesterday with 53.2m shares, which rose Y40 to Y1,720. Kumagai has also been given a leading broker's recommendation for next week.

Mitsui Engineering and Shipbuilding topped the most actives list with 88.2m shares traded. The company was bought on expectations that it could win an order for tunnelling machines for the road construction project across Tokyo Bay, as well as on the strength of its plans to build an amusement park in western Japan. A leading foreign broker has accumulated a large number of shares in the company and there were rumours that a significant announcement concerning the company would soon be made.

Nippon Steel was third on the most actives list and advanced Y16 to Y930. There have been expectations that steel shares will return to the limelight once they have finished their capital-raising exercises.

Sanyo Special Steel surged Y100 to Y1,330 in heavy trading. The company is expected to post increased profits. It has also been benefiting from the surge in Daido Steel, attracting interest as a similar issue, but with a lower price than Daido.

Constructions dominated the scene in Osaka, but a strong recovery in overall trading activity lifted the OSE average 230.07 to 30,132.53. Turnover also improved to 163m shares from 134m on Tuesday.

Interest in construction issues spilled over to companies that *supply* them with machinery and Tadano, a specialised maker of construction cranes, advanced Y140 to Y1,890.

Roundup

VOLUMES varied in the Asia Pacific markets, with Hong Kong advancing in active trade and Australia ending a quiet session almost unchanged, while Seoul's rising streak continued.

HONG KONG saw its highest volumes for over a month as investors took inspiration from Tokyo's sharp rise and from good domestic corporate results.

Turnover surged to HK$2.14bn in value from the HK$1.33bn seen on Tuesday; yesterday's trading was the most active since February 10. The Hang Seng index jumped 61.12 to 3,095.91.

Hongkong Bank gained 20 cents to HK$7.45 *after news of* a 19.7 per cent increase in profits.

AUSTRALIA was stifled by the wait for today's domestic current account figures and ended little changed in continuing thin volumes. The All Ordinaries index fell 2.3 to 1,491.1.

Turnover reached 83.3m shares worth A$148m, with foreigners steering clear of the market.

Industrials were worst hit, although News Corp and Brambles managed to keep above water with a 5 cent gain each to A$11.60 and A$11.50 respectively.

Coles Myer, reporting interim profits up 38 per cent – at the lower end of expectations – fell 4 cents to A$8.16. Fletcher Challenge gave up 3 cents to A$4 after news of record interim earnings.

SEOUL continued to advance, with the Composite *Index hitting another* record high at 966.00, up 15.26, in heavy trading.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 14 1989					MONDAY MARCH 13 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	136.74	-1.0	117.32	112.14	4.88	138.18	119.63	111.80	157.12	91.16	110.55
Austria (18)	103.11	+0.5	88.47	99.65	2.53	102.64	88.86	99.49	103.18	83.72	90.64
Belgium (63)	131.90	+0.6	113.17	127.02	4.08	131.10	113.50	126.74	139.89	99.14	133.75
Canada (125)	135.34	+0.2	116.12	117.06	3.27	135.12	116.98	117.27	137.27	107.06	120.14
Denmark (39)	167.53	+0.5	143.74	165.02	1.87	166.64	144.27	164.94	180.38	111.42	120.33
Finland (26)	142.58	-0.5	122.33	130.01	1.41	143.37	124.12	130.76	147.07	106.78	121.01
France (130)	115.47	+1.2	99.07	114.11	2.85	114.14	98.81	113.24	119.98	72.77	84.95
West Germany (102)	85.03	+1.7	72.95	82.13	2.31	83.59	72.37	81.14	90.40	67.78	79.74
Hong Kong (44)	127.77	+0.6	109.62	127.95	3.76	127.03	109.97	127.22	133.77	84.90	100.42
Ireland (17)	143.07	+1.1	122.75	140.29	3.67	141.56	122.56	139.34	146.46	104.60	121.15
Italy (98)	78.45	+0.4	67.31	79.91	2.53	78.16	67.67	79.91	86.88	62.99	77.21
Japan (456)	187.55	+0.8	160.91	153.70	0.49	186.02	161.05	152.69	200.11	133.61	163.07
Malaysia (36)	156.55	+0.4	134.32	166.05	2.71	155.86	134.94	165.26	159.79	107.83	118.21
Mexico (13)	164.98	-0.8	141.55	427.68	1.20	166.23	143.92	429.75	182.24	90.07	153.99
Netherland (39)	116.67	+1.1	100.10	111.69	4.52	115.43	99.93	111.00	116.67	95.23	107.75
New Zealand (24)	71.16	+0.1	61.05	61.59	6.28	71.06	61.52	61.33	84.05	63.32	74.42
Norway (26)	170.38	+1.0	146.18	156.50	1.82	168.77	146.11	155.66	174.29	98.55	117.49
Singapore (26)	144.85	+0.5	124.27	129.29	2.10	144.06	124.72	128.66	144.85	97.32	112.03
South Africa (60)	136.91	-1.2	117.47	122.15	4.12	138.59	119.98	121.18	139.07	98.26	156.85
Spain (42)	148.17	+0.8	127.13	129.82	3.71	146.95	127.22	129.25	164.47	130.73	146.47
Sweden (35)	158.38	+1.9	135.89	149.30	2.23	155.35	134.50	146.96	158.38	96.92	120.54
Switzerland (57)	76.65	+0.8	65.76	75.56	2.30	76.04	65.83	75.26	86.75	74.13	86.26
United Kingdom (314)	153.33	+1.9	131.55	131.55	4.20	150.44	130.24	130.24	153.33	120.66	140.79
USA (568)	120.17	-0.1	103.11	120.17	3.62	120.24	104.10	120.24	121.90	99.19	108.48
Europe (1006)	120.49	+1.5	103.37	110.46	3.50	118.73	102.79	109.56	120.88	97.01	110.24
Nordic (126)	148.70	+1.1	127.58	145.86	1.98	147.09	127.34	144.80	149.38	95.22	111.49
Pacific Basin (675)	182.95	+0.8	156.96	150.67	0.70	181.57	157.19	149.70	194.72	130.81	158.52
Euro-Pacific (1681)	157.99	+1.0	135.55	134.58	1.56	156.45	135.45	133.64	164.22	120.36	139.23
North America (693)	120.98	+0.0	103.80	120.01	3.59	121.03	104.78	120.09	122.71	99.78	109.10
Europe Ex. UK (692)	100.33	+1.1	86.08	97.34	2.89	99.24	85.91	96.68	103.11	80.28	91.32
Pacific Ex. Japan (219)	127.85	-0.3	109.69	112.49	4.35	128.23	111.02	112.03	137.65	87.51	103.64
World Ex. US (1879)	156.99	+0.9	134.70	134.01	1.64	155.54	134.66	133.10	162.77	120.26	138.56
World Ex. UK (2133)	141.71	+0.5	121.58	129.07	2.03	141.01	122.08	128.56	146.04	111.77	125.59
World Ex. So. Af. (2387)	142.77	+0.6	122.49	129.35	2.23	141.86	122.81	128.76	146.65	113.26	126.86
World Ex. Japan (1991)	121.28	+0.5	104.05	116.71	3.59	120.69	104.49	116.37	122.37	100.00	109.60
The World Index (2447)	142.73	+0.6	122.46	129.29	2.24	141.84	122.79	128.71	146.51	113.37	126.93

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Latest prices were unavailable for this edition.